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SPEECHES DELIVERED IN THE HOUSE OF
COMMONS AND ELSEWHERE

1906-1909



SPEECHES DELIVERED IN
THE HOUSE OF COMMONS
AND ELSEWHERE

1906-1909

BY

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LIVERPOOL

HENRY YOUNG & SONS

1910

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TO
MY FRIEND
SIR EDWARD CARSON

PREFACE

I AM well aware that to publish a volume of political speeches is to invite a stream of not unreasonable criticism. This is true, even when the speaker is a person of the highest political pretensions. It is of course much more true when he advances no such claim. My only reply to such criticism is that, after all, England is still a free country. The price of the book is clearly advertised to the world. The buyer knows pretty well what he may expect, and I may be allowed, as a lawyer, to fall back upon the maxim, caveat emptor.

My motive in publishing these speeches is, of course, a different matter from my justification. A General Election is approaching. My political opponents in the North of England not infrequently do me the honour of quoting my speeches. Quite recently I was accused of having described the working classes as fools; a view which—had I held it—I should have counted it imprudent to publish. On the whole it is an advantage, if one is to be quoted at all, that the quotations should be accurate. For this reason I am content to give critics the advantage (if any one thinks it worth while to criticise the book at all) of finding in this volume much material for attack. Good or bad, the speeches make clear the views for which I have contended in the four stormy years which have passed since I

entered Parliament, and I am content that my constituents should judge of me and them with the full material before them.

In nearly all cases the speeches appear substantially as they were delivered, although I have allowed myself entire freedom of verbal correction. Many of the earlier speeches were delivered before the present verbatim reports were established, and the reports are necessarily imperfect. The first speech, for instance, took an hour in delivery, and, as I have no record, the report is incomplete. In this and similar cases I have supplemented the official report from others which appeared in the Press. In this connection the admirable Parliamentary report of the Liverpool Courier and the Liverpool Daily Post have been very helpful. In two cases I was much interrupted in the House of Commons, so that time did not allow me to deliver all the speech I had prepared.

Here, in order to present a complete argument, I have inserted the contents of my note which I preserved. The more important of these two occasions was the speech on the Third Reading of the Licensing Bill.

Mr. Austin Jones, Barrister-at-Law of the Inner Temple, has been good enough to assist me throughout. The notes, the explanatory paragraphs, and the index are entirely his work.

F. E. SMITH.

CHARLTON, October 18, 1909.

CONTENTS

CHAP.	PAGE
I. FREE TRADE AND THE GENERAL ELECTION, 1906	1
II. THE TRADES DISPUTES BILL, 1906	18
III. THE EDUCATION BILL, 1906	28
IV. THE HOUSE OF LORDS	46
V. THE LOCAL OPTION (SCOTLAND) BILL (1907) .	58
VI. SIR HENRY CAMPBELL-BANNERMAN'S HOUSE OF LORDS RESOLUTION	75
VII. THE EDALJI CASE	91
VIII. THE CAPTURE OF PRIVATE PROPERTY AT SEA .	108
IX. THE FIRST EDUCATION BILL OF 1908 . .	127
X. THE LICENSING BILL, 1908	143
XI. THE LICENSING BILL, 1908	162
XII. THE FIRST EDUCATION BILL OF 1908 . .	181
XIII. THE MINERS' EIGHT HOURS BILL, 1908 . .	199
XIV. THE LICENSING BILL, 1908	215
XV. THE SECOND EDUCATION BILL OF 1908 . .	234
XVI. THE HOUSE OF LORDS	241
XVII. FAIR WAGES	258
XVIII. TARIFF REFORM. . . .	275
XIX. THE BUDGET, 1909	308
INDEX	349



I.

FREE TRADE AND THE GENERAL ELECTION, 1906.

March 12, 1906.

[The following speech was delivered in the House of Commons on March 12, 1906, in the course of a debate on a resolution moved by Sir James Kitson (Yorks, W. R., Colne Valley), and seconded by Mr. Austin Taylor (Liverpool, E. Toxteth), to the effect that "this House, recognising that in the recent General Election the people of the United Kingdom have demonstrated their unqualified fidelity to the principles and practice of free trade, deems it right to record its determination to resist any proposal, whether by way of taxation upon foreign corn or of the creation of a general tariff upon foreign goods, to create in this country a system of protection."]

MR. SPEAKER, SIR,—In whatever section of the House hon. members may sit, or however profoundly they may differ from the economic views which underlie the remarks of the hon. member for Blackburn,¹ they will all, at least, desire to join in a tribute to the sincerity and ability displayed in the speech he has just delivered. Speaking for myself, I confess that I have been struck by the admissions which have been made by those hon. members who have spoken in favour of this resolution. I venture to ask hon. members on the

¹ Mr. Snowden.

2 THE GENERAL ELECTION, 1906.

Ministerial side, at the height of their triumph, to consider for a moment what is implicitly involved in their concessions. The hon. member for Blackburn has just told the House that sixty years of free trade have absolutely failed to ameliorate the condition of the working classes. That is a statement upon which the Opposition have reached some degree of agreement with the hon. member. Where, however, we part company with him, is not upon the great and growing importance of still further ameliorating the condition of the working classes, but upon the feasibility of effectively assisting thirteen million people on the verge of starvation by a revision of railway rates, by unexplained dealings with mine-owners, or by loose, mischievous, and predatory proposals affecting those who happen to own land. The hon. gentleman spoke with bitterness—almost with contempt—of persons possessing large incomes. I would entreat hon. members to make quite sure that they have cleared their minds of cant upon this question. When I hear vague and general proposals put forward at the expense of large incomes, without any precise explanation as to the principle upon which, or the extent to which those incomes are to be appropriated or tapped for the service of those who are less fortunate, I should like to make an elementary observation, that there are very few members in this House, whether in Opposition, or on the benches opposite, or below the gangway, whose principal business occupation it is not to provide themselves with as large an income as they honestly can. If there is one pro-

fession to which that charge cannot be applied, it is, perhaps, the profession to which I myself belong. I, therefore, attach little importance to disparaging observations upon the rich, either from the hon. gentleman or from any one else. Nor do I believe that the policy of unduly burdening the rich will be found—on a just consideration of the action and interaction of economic forces—to be of real advantage to the poor. Labour, after all, is immobile, whereas capital is always fugitive.

What other remedies has the hon. gentleman¹ for the evils which he so clearly appreciates? He and his friends are alike barren in suggestion. Unemployment yearly grows chronic over a larger area, while a Parliament of Free Importers celebrates in academic resolutions the economic system which has depopulated rural England, has filled the emigrant steamers with fugitives from these happy shores, and has aggravated the evils of the most revolting slums in Christendom. The progress of to-night's debate makes one profoundly conscious of the constructive shortcomings of the Cobdenism of to-day. I myself am a perfectly unrepentant member of the Tariff Reform League. I do not know how many members of the league there may be in the House; it may be that a division would show that they are not more numerous than the representatives of the Liberal League. I have, at least, the satisfaction of reflecting that, if tariff reform is found not to be a winning horse, I have not necessarily compromised my political future. I have in hon. and right hon. gentlemen opposite an admirable

¹ Mr. Snowden.

4 THE GENERAL ELECTION, 1906.

example of how to cut the painter of a similar league, with the maximum of political advancement, and the minimum of fidelity to a founder.¹ Such a model of chivalrous loyalty is of great value to a young member of Parliament.

I suppose the resolution has been charitably designed to call attention to differences existing or supposed to exist in the Opposition. I should have thought that we might have looked to hon. gentlemen opposite for a little more charity. Hon. gentlemen opposite have had analogous difficulties. The question of when a tariff becomes protective is no doubt difficult, but not more so than the conundrum, "When is a slave not a slave?" or the problem when, if ever, preferential treatment should be given

¹ On the question of the South African War the Liberal Party was divided. One section, led by Sir Henry Campbell-Bannerman, opposed it, denounced the Unionist Government for continuing it, and criticised the methods by which it was carried on. Sir Henry Campbell-Bannerman referred to the operations as "methods of barbarism," and Mr. Birrell used the expression "the smoking hecatombs of slaughtered victims." The other and larger section—among whom Lord Rosebery, Mr. Asquith, and Sir Edward Grey were most prominent—approved of it. On December 16, 1901, Lord Rosebery delivered at Chesterfield a speech in which he warned the Liberal Party that it must "clean its slate" and formulate a new policy. He expressed great satisfaction that the Party was free from the Irish alliance, insisted on the necessity of carrying the war to a triumphant conclusion, and urged the development of the "new sentiment of Empire." In February 1902, the Liberal League was formed to promote the policy set forth in this speech. Lord Rosebery was elected President, and Mr. Asquith, Sir Henry Fowler (now Viscount Wolverhampton), Sir Edward Grey, and Mr. Haldane became Vice-Presidents. Before Sir Henry Campbell-Bannerman formed his Ministry in December 1906, Lord Rosebery made it clear that he would not serve under him because of his Home Rule sympathies. Mr. Asquith, Sir Henry Fowler, Sir Edward Grey, and Mr. Haldane, however, accepted the offices which Sir Henry Campbell-Bannerman offered them.

to Roman Catholic schools. All great political parties have skeletons in the cupboard, some with manacles on, and some with only their hands behind their backs.¹ The quarrel I have with hon. gentlemen opposite is that they show an astonishing indelicacy in attempting to drag our skeleton into the open. Not satisfied with tomahawking our colleagues in the country, they ask the scanty remnant in the House to join in the scalp dance. I do not think we can complain of the tone of a single speech which has been made from the opposite side of the House. We were particularly pleased with the remarks which fell from the hon. member for East Toxteth, for he entered the House, not like his new colleagues, on the crest of the wave, but rather by means of an opportune dive.² Every one in the House will appreciate his presence, because there can be no greater compliment paid to the House by a member, than that he should be in our midst, when his heart is far away, and it must be clear to all who know the hon. member's scrupulous sense of honour, that his desire must be at the present moment to be amongst his constituents, who are understood to be at least as anxious to meet him.

¹ See (4) *Debates*, clii., 156. Liberals justified their Chinese slavery posters on the ground that the coolies were depicted in them, not as being in chains, but merely "as having their hands behind their backs."

² Mr. Austin Taylor stood as Conservative candidate for the East Toxteth Division of Liverpool at a bye-election in November 1902, and was elected. At the General Election of 1906 he stood as a Unionist Free Trader, and was returned unopposed. Shortly after Parliament assembled he crossed the floor of the House, and has since then been a supporter of the Government.

6 THE GENERAL ELECTION, 1906.

The resolution before the House consists of two parts. In the first, we are asked to recognise the merits of what is described on an obscure prescriptive principle as free trade, and, in the second, we are invited to register the proposition that the country gave an unqualified verdict in its favour. The word "unqualified" is in itself ambiguous, and may have more than one meaning. If we say that a man is an unqualified slave, we mean that his condition can be honestly described as completely servile, and not, merely, as semi-servile. If, on the other hand, we say that a man is an unqualified medical practitioner, or an unqualified Under-Secretary, we mean that he is not entitled to any particular respect, because he has not passed through the normal period of training, or preparation. It is, on the whole, probable that the word is used in the first sense in the present motion. But, perhaps, it is necessary to distinguish even further. When hon. gentlemen opposite are successful at the polls, it is probably used in the first sense. In the comparatively few cases in which I and my friends were successful, it is used in the second. Birmingham, under circumstances which will never be effaced from the memory of hon. gentlemen, on whichever side of the House they sit, displayed the rare and beautiful quality of political constancy, and voted in all its divisions for tariff reform. [Laughter.] The result is sneered at, in the spirit of the laughter which we have just heard, as a triumph for Tammanyism, or, more profoundly analysed by an eminent Nonconformist divine, as an instance of that mysterious dispensa-

tion, which occasionally permits the ungodly to triumph. Hon. gentlemen opposite are, in fact, very much more successful controversialists than hon. members on this side of the House. It is far easier, if one is a master of scholarly irony, and of a charming literary style, to describe protection as a "stinking rotten carcase"¹ than to discuss scientifically whether certain limited proposals are likely to prove protective in their incidence. It is far easier, if one has a strong stomach, to suggest to simple rustics, as the President of the Board of Trade did, that, if the Tories came into power, they would introduce slavery on the hills of Wales.

THE PRESIDENT OF THE BOARD OF TRADE (Mr. Lloyd-George, Carnarvon Burghs): I did not say that.

Mr. F. E. SMITH: The right hon. gentleman would, no doubt, be extremely anxious to forget it, if he could; but, anticipating a temporary lapse of memory, I have in my hand the *Manchester Guardian* of January 16, 1906, which contains a report of his speech. The right hon. gentleman said: "What would they say to introducing Chinamen at 1s. a day into the Welsh quarries? Slavery on the hills of Wales! Heaven forgive me for the suggestion!" I have no means of judging how Heaven will deal with persons, who think it decent to make such suggestions. The distinction drawn by the right hon. gentleman is more worthy of the county court than of the Treasury Bench. I express a doubt whether any honest politician will ever acquit the right hon. gentleman of having deliberately given the impression to those he thus addressed that, if the Conser-

¹ So described by Mr. Herbert Paul (*Debates* (4), clii. 202).

8 THE GENERAL ELECTION, 1906.

vative party were returned, the hills of Wales would be polluted by conditions of industrial slavery. The alternative construction is that the right hon. gentleman thought it worth his while, in addressing ignorant men [Cries of "No"]—in relation to the right hon. gentleman they are ignorant; is that disputed?—to put before ignorant men an abstract and academic statement as to Chinese labour on the hills of Wales. If he did not mean his hearers to draw the false but natural inference, why make any reference to Chinese slavery as a conceivable prospect on the hills of Wales?

Was even Manchester won on the free trade issue? [Cries of "Yes."] I hear hon. gentlemen opposite say "Yes." I think they must be from the south of England. If Manchester was won on the free trade issue, perhaps hon. gentlemen will explain why repeated meetings were devoted to the less effective and attractive cry, and why specialist speakers like Mr. Creswell were brought down to discourse to the electors on the evils of Chinese slavery. Mr. Speaker, I am not unaware that, owing to the eccentricities of municipal geography, Salford is not, technically, a part of Manchester, but a Salford member is near enough to wear the green turban of a pilgrimage to Cobden's Mecca. The hon. member for Salford¹ has stated that he was returned to the House, pledged to urge insistently on the Government, which profited by a false cry, the immediate repatriation of the coolies now on the Rand. Shall I be told that in that case the electors were giving an unqualified verdict for

¹ Mr. Hilaire Belloc.

Cobdenism, or for what is called in this resolution free trade? I do not think that the hon. and learned gentleman, who fought so strenuously in East Manchester,¹ will get up and tell the House that in his constituency the verdict was an unqualified one for free trade. I have some choice specimens of the bread that he threw on the waters in order, I suppose, to elicit this unqualified verdict. He is reported, in the *Manchester Guardian* of 13th January, to have said that the Chinese had not been the means of bringing one single piece of white labour to South Africa. The hon. and learned gentleman appears to think that white labour is introduced in slabs. He said: "You are voting, if you vote for Mr. Balfour, for the exclusion of white labour from South Africa"—not for Cobdenism. The hon. gentleman continued: "Where was that thing going to stop?" Mr. Speaker, this is precisely what we should like to know to-day. "Were they going to have Chinamen working in the mills at Bradford? Let the people of this division show by their votes"—what? Their devotion to free imports? No—"That they would have none of this wretched coolie labour in South Africa, and strike a blow for freedom to-morrow at the polls."

There is an interesting point of analogy between the hon. and learned gentleman and the "wretched coolies," of whom he has so low an opinion. To-day he is in, and they are in, and it rather looks as if they are going to remain in as long as he and his friends. It was in this way that the poorer

¹ Mr. T. G. Horridge.

districts of Manchester were captured—Cobden's Manchester. Did the hon. member, the Under-Secretary for the Colonies,¹ use his great and growing local influence on behalf of what in his heart and conscience he knew to be the truth? I say "on behalf of what he knew to be the truth," because the hon. member is reported in the *Manchester Guardian*, as having said on June 12, 1903, that he was quite sure that supplies of native or Chinese labour would have to be obtained, and ought to be obtained for the mines in the interests of South Africa as a whole. I will not weary the House with the whole of the Under-Secretary's peroration. I rather think it has been at the disposal of both parties in the House before undertaking a provincial tour. Mr. Speaker, it is easy for the Under-Secretary to come to the House and state in the debate on the Address that he attempted to confine the issue at the election to the single point of Cobdenism, to the single merits of free trade, and that he had therefore no responsibility for an incendiary campaign. To that I reply, *Proximus Ucalegon ardebat*, which I may venture to construe—*Proximus*, in an adjacent constituency; *Ucalegon*, the hon. and learned gentleman;² *ardebat*, was letting off Chinese crackers. The Under-Secretary did not then explain that the coolie processions, which his learned friend was so forward in organising, were merely contributions to the problem of the unemployed, or that slavery was a terminological inexactitude. He profited by the storm of generous anger which these falsehoods, being

¹ Mr. Winston Churchill.

² Mr. T. G. Horridge.

believed, excited among the Lancashire democracy. He took what he could get, and thanked God for it. Mr. Speaker, the rôle of the receiver of stolen reputations is rather less respectable in the eyes of the man of spirit, than that of the principal thief.

I must, however, in candour admit that the question of cheap food was brought forward in many constituencies with great persistency and ingenuity. The hon. member for North Paddington,¹ with an infinitely just appreciation of his own controversial limitations, relied chiefly on an intermittent exhibition of horse sausages as a witty, graceful, and truthful sally at the expense of the great German nation. I do not understand what the Secretary of State for War² means by saying that the Liberal Party has no ideas. The Liberal League³ always was a drag upon the holy wheel of progress. In Wales, apparently, they like it strong, and the President of the Board of Trade⁴ informed one favoured audience how large a part horse-flesh plays in the simple diet of the German home. The same speaker is never tired of maintaining that protection has tainted and corrupted German public life. I understand that any trade negotiations which may become necessary with Germany must be conducted through the right hon. gentleman. I am not sanguine of the outcome. If you have a difficult business transaction to carry through with a competitor, a prudent reflection would perhaps suggest that it is

¹ Mr. Chiozza Money.

² Mr. Haldane had recently made this criticism.

³ See note ¹ on page 4.

⁴ Mr. Lloyd-George.

unwise to describe him publicly as a corrupt scoundrel, subsisting principally upon the flesh of horses.

I do not suppose that, now the fight is over, now that the strategy has been so brilliantly successful, away from the licence of the platform, in the House, where their statements can be met and dealt with, hon. gentlemen will deny that the immediate effect of a 2s. duty on corn will be an illimitable development of colonial acreage suitable for the growth of wheat. [Cries of "Oh, oh," and loud derisive laughter.] I am astonished to hear sounds of derisive dissent, for I rather thought that at the time when Lord Rosebery, from whom I was quoting with verbal precision, made that prediction to frighten the English farmer from tariff reform, hon. gentlemen were in the same tabernacle, or furrow, or whatever was the momentary rendezvous of the Liberal party. At the moment, hon. gentlemen will recollect, the other ship looked like sinking—there was a temporary slump in the "methods of barbarism" section.¹ I venture to ask hon. gentlemen, to tell us in the candour of victory, whether any one really doubts that Canada would, in a few years, be able, under judicious stimulation, to supply the whole English consumption of wheat? [Cries of "No, no."] Sir Wilfrid Laurier says it can, and hon. gentlemen say it cannot. Perhaps the Under-Secretary for the Colonies,² whom I am sorry not to see in his place, will put Sir Wilfrid Laurier on the black list with Lord Milner,³ and

¹ See note 1 on page 4.

² Mr. Winston Churchill.

³ Mr. Churchill had recently stated in the House of Commons that he did not feel called upon to protect Lord Milner in the future.

refuse to protect him any longer. Does the House recollect La Fontaine's insect—the species is immaterial—which expired under the impression that it had afforded a lifelong protection to the lion, in whose carcase its life was spent?

There is hardly a Canadian statesman who does not go further than Sir Wilfrid Laurier in the direction of tariff reform. Earlier in the debate some reference was made to Mr. Fisher, and I desire to speak of Mr. Fisher's views and ability with great respect; it is not necessary to vilify any colonial politician with whom you disagree. But, in Canada, Mr. Fisher and Mr. Goldwin Smith are in a minority of two, and Canada has almost reached the stage—one day, I hope, to be attained in England—of exhibiting Free Importers in her museums. An official report, ordered by the United States Government in 1902, found the district contributory to Winnipeg capable, within the lives of persons still living, of supplying enough wheat to provide for the consumption of the world. If this be true, or half true, what becomes of the nightmare of apprehension, which has made hon. gentlemen opposite so infinitely tedious for the last few years? If an illimitable supply of Canadian corn is coming in untaxed, what becomes of the little loaf? Once again, I recognise in hon. gentlemen opposite our electioneering masters, and I compliment them, if not on an unqualified verdict, at any rate, upon an unqualified inexactitude.

Some hon. gentleman ventured upon a more ambitious line of argument, and, in doing so, permanently enriched the economic knowledge of

the country. We were told that it is not a disadvantage, but rather an advantage, that English factories should be removed abroad. Perhaps some consistent logician will shortly introduce a Bill offering bounties to capitalists who remove their works abroad. Let us by all means drive from the country everybody who has work to give, and then wave banners, like the hon. member for Merthyr Tydvil,¹ in the "Right to Work Committee." A fortnight ago hon. gentlemen opposite, calling in aid every resource of pathos, indulged in beautiful sentiments about the feeding of starving children. If the matter had been pressed to a division, I should have voted with them, but I should have done so without prejudice to my convictions as to the economic system which gave rise to the necessity. I should like to know how hon. gentlemen opposite explain the growing poverty of the poor. [Ministerial cries of "The War."]

Since this House of Commons met, we have heard a great deal about the war. I would suggest to hon. gentlemen, as a humble admirer of their methods, that, if they wish for targets in that matter, they ought to aim, not at the Opposition Benches, but at right hon. gentlemen who sit on the Front Government Bench. Hon. gentlemen opposite should remember that the present Secretary of State for War² justly observed that the Boers waged the war, not only with the object of maintaining their independence, but also to undermine our authority in South Africa; and the present Attorney-General³ said that the war

¹ Mr. Keir Hardie.

² Mr. Haldane.

³ Sir John Lawson Walton.

could be shown to be as just, as it was inevitable, and to have been defensible on the grounds of freedom. The circumstances of which you complain were anterior to the war. While the only panacea which hon. gentlemen opposite can suggest is the employment of broken-down artisans in planting trees, and constructing dams against the encroachment of the sea, the Unionist party need not be discouraged by their reverses at the polls. We will say of the goddess who presides over the polls, as Dryden said of Fortune in general :

“I can enjoy her while she’s kind ;
But when she dances in the wind,
And shakes her wings, and will not stay,
I puff the prostitute away.”

Was the verdict unqualified, having regard to the aggregate number of votes polled on behalf of Liberal members? The votes polled at the last election for Liberal, Labour, and Nationalist candidates were 3,300,000, while those polled for tariff reform candidates and other gentlemen sitting around me were 2,500,000. [Cries of “No! Not true!”] I gather that it is suggested that my figures are wrong. [Cries of “Yes.”] They very probably are. I took them from the *Liberal Magazine*. Perhaps the Minister of Education¹ was responsible for them, before he gave up the hecatomb line of business for the Christian toleration and charity department. I venture to suggest to hon. gentlemen opposite, that the figures I have quoted, so far as they are accurate, are not altogether dis-

¹ Mr. Birrell, who was formerly Chairman of the Liberal Publications Department, had recently, as Minister for Education, made several speeches in the country urging upon his hearers a spirit of conciliation and compromise. See also note on page 4.

couraging to those who, for the first time after so many years of blind dogma, have challenged the verdict of the country on the issue of tariff reform. What would hon. gentlemen who represent Ireland say, if it was suggested that they were Cobdenites? Will one of them get up to say that Cobdenism has brought prosperity or success to Ireland, or to guarantee that a representative Irish Parliament would not introduce a general tariff on foreign manufactured articles? The jury who gave this unqualified verdict are unaccountably silent. The spectacle of the Cobdenite hen cackling over a protectionist duckling of her own hatching in Ireland would add a partially compensating element of humour even to the prospect of Home Rule. The Irish and—I may add—the Indian case for tariff reform were both once and for all conceded by the “infant community” admission of Adam Smith. Why do we force upon India and Ireland alike a system, of which every honest man knows that—whether it be good or bad for us—it denies to them the right to develop and mature their nascent industries upon the lines in which they themselves most earnestly believe, and in which every country in the world except Great Britain believes? The answer is as short, as it is discreditable. We perpetuate this tyranny, in order that our Indian and Irish fellow-subjects may be forced to buy from our manufacturers articles which they would otherwise attempt to manufacture for themselves. In other words, we perpetuate in these two cases a compulsory and unilateral trade preference—demonstrably the fruit of selfishness—at the sacrifice of a voluntary and bilateral preference,

based deep and strong upon mutual interest and mutual affection.

I have heard the majority on the other side of the House described as the pure fruit of the Cobdenite tree. I should rather say that they were begotten by Chinese slavery out of passive resistance, by a rogue sire out of a dam that roared. I read a short time ago that the Free Church Council claimed among its members as many as two hundred of hon. gentlemen opposite. [Ministerial cries of "Oh!"]

Mr. CROOKS (Woolwich): He is doing no harm.

Mr. F. E. SMITH: The Free Church Council gave thanks publicly for the fact that Providence had inspired the electors with the desire and the discrimination to vote on the right side. Mr. Speaker, I do not, more than another man, mind being cheated at cards; but I find it a little nauseating, if my opponent then proceeds to ascribe his success to the favour of the Most High. What the future of this Parliament has in store for right hon. and hon. gentlemen opposite I do not know, but I hear that the Government propose to deny to the Colonial Conference of 1907 free discussion on the subject which the House is now debating, so as to prevent the statement of unpalatable truths. I know that I am the insignificant representative of an insignificant numerical minority in this House, but I venture to warn the Government that the people of this country will neither forget nor forgive a party which, in the heyday of its triumph, denies to the infant Parliament of the Empire one jot or tittle of that ancient liberty of speech, which our predecessors in this House vindicated for themselves at the point of the sword.

II.

THE TRADES DISPUTES BILL, 1906.

March 30, 1906.

[On March 28, 1906, Sir John Lawson Walton, the Attorney-General, introduced in the House of Commons a Trades Disputes Bill on behalf of the Government. He pointed out that the Bill did not contain, and expressed himself as being strongly opposed to, a provision conferring on trade unions immunity from actions of tort. It soon appeared from their speeches that, owing to this omission, the Bill did not commend itself to the Labour members. On March 30, a Trades Disputes Bill was introduced on their behalf, containing a provision granting the desired immunity. Sir Henry Campbell-Bannerman, in the course of the debate upon the latter Bill, declared his intention of voting for it, in spite of its containing the provision objected to by the Attorney-General, and excluded from the Government Bill. The following speech was delivered in anticipation of the Government's surrender to the Labour party, and of the amendment of the Government Bill by the inclusion of a provision conferring upon trade unions the desired immunity.]

MR. SPEAKER, SIR,—I have always held views on this important industrial question, which are not those held by gentlemen below the gangway,¹ but they will in justice recognise that I, at least, was returned to this House by a very large working-class constituency on no false pretence. I shall not attempt to tell the House that there was some ambiguity about a pledge given by me at the time of

¹ The Labour party.

the general election. I was asked in my constituency, and there was no ambiguity about the question, whether or not I would vote, not for a general Bill to introduce some amendment, not clearly defined, into the trade union law, but for the Shackleton Bill, and I believe there was hardly an hon. member who was not asked in the same unequivocal and explicit manner if he was in favour of that Bill. I replied, with a reluctance which the House will easily appreciate, for I was anxious to enter the House of Commons, and I knew that the Bill was popular, the subject being imperfectly understood, that I was not able to support that Bill, and therefore would vote against it. Sincerely and honestly believing in their right to the Bill as the Labour members do, and being aware of the explicit pledges given by hon. gentlemen opposite, they might well have been excused if they had, during the speech of the Attorney-General, quoted that simple and beautiful expression, "Enough of this foolery."¹ For myself, however, I do not represent merely the interests of organised labour, but also, in common with many other members of the House, that large body of working men, not members of a trade union, and I ask leave to point out that not merely is there no presumption that on this point hon. gentlemen below the gangway represent unorganised labour, but that the very opposite presumption must be admitted.

I have never heard that any petition was ever presented to the House asking that working men who do not belong to a trade union might be subjected to

¹ This expression was used by Sir Henry Campbell-Bannerman See *Debates* (4), cliii. 992.

“peaceful persuasion,” or that their dwelling-houses might be beset by a hundred men to “give them information.” Nor am I aware that unorganised labour has ever indicated a clear desire that, if it sustained these or any analogous wrongs at the hands of organised labour, it should be cut adrift from those forms of effective redress, which an equal system of jurisprudence has hitherto enabled parties injured before the law to exact from the persons who have wronged them. In this House trade unions are powerful and articulate. Unorganised labour, on the other hand, is weak, silent, and suffering. No congress places on record its turgid resolutions. At election times it exacts few pledges. Its very helplessness gives a special claim to the consideration and the protection of the House.

It is not until we consider the conspiracy clause and the peaceful persuasion clause together, that we come face to face with the true pretensions of this Bill. We must take the two together. We are asked to permit a hundred men to go round to the house of a man who wishes to exercise the common law right in this country to sell his labour where and when he chooses, and to “advise” him or “peacefully persuade” him not to work. If “peaceful persuasion” is the real object, why are a hundred men required to do it? I know of no one who is more peaceful than the member for Merthyr,¹ and I am sure that no man can be more persuasive. The Attorney-General² will agree with that. If I were a man who

¹ Mr. Keir Hardie.

² Sir John Lawson Walton, who was to be very suddenly converted by Mr. Keir Hardie.

was wishful to dispose of my labour as I chose, although the member for Merthyr might not persuade me to break a contract, still, if the hon. member came with fifty other peaceful persuaders to the house where I and my wife live, I fear I should be much more likely to yield to persuasion, than if the hon. gentleman came by himself. We are told that another object of these well-attended deputations is that information may be given. Is it more convenient that information should be given by fifty men, than by one man? Even in this House it is recognised that, as a general principle, it is more convenient that one member should address the House at one time. Every honest man knows why trade unions insist on the right to a strong numerical picket. It is because they rely for their objects neither on peacefulness nor persuasion. Those whom they picket cannot be peacefully persuaded. They understand with great precision their own objects, and their own interests, and they are not in the least likely to be persuaded by the representatives of trade unions with different objects and different interests. But, though arguments may never persuade them, numbers may easily intimidate them. And it is just because argument has failed, and intimidation has succeeded, that the Labour Party insists upon its right to a picket unlimited in respect of numbers.

Mr. Speaker, I proceed now to discuss the most startling proposal of all contained in the Bill—a proposal monstrous in its character, and brought forward now for the first time—that *tort feasors* shall be made immune by Act of Parliament against

actions to recover damages for their unlawful acts. A trade union executive may authorise libel, arson, or violence, but its funds are to be protected from suit at the hands of the injured person. Few persons have troubled to inquire whether trade unions ever did in fact enjoy that exceptional position, which is now claimed for them with perfect sincerity by hon. gentlemen below the gangway.¹ It is an unfounded belief upon this point which led the vast majority of hon. gentlemen opposite to agree to support this Bill, in the event of its being brought before Parliament. The opinion of any man who is not a lawyer is not worth a brass farthing—

Mr. CROOKS: That is good trade unionism.

Mr. F. E. SMITH: Yes, quite good, and, if the observation pleases the hon. gentleman, my profession are trade unionists, but we do not ask hon. gentlemen below the gangway to enable us to "peacefully persuade" in large numbers in the chambers of competitors. What I mean to say is, of course, that only a lawyer's opinion possesses value, not upon the general question of social policy underlying this difficult subject, but on the purely legal question whether before 1871 trade unions enjoyed immunity. I do not ask the House to take my opinion on that matter—though at another time, and for a consideration, I shall be very pleased to give it—but to take the words of as accomplished a lawyer as the present Attorney-General,² who, quite recently, has assented to the view that, historically, there is no foundation for that argument. A very distinguished Liberal lawyer, Mr. Cohen, has pronounced an

¹ The Labour party.

² Sir John Lawson Walton.

opinion upon the point agreeing in every detail with that of the Attorney-General. The hon. member below the gangway¹ said that, before the year 1871, there was a complete immunity for the funds of trade unions. My answer is that, before that year, the theory of the English law knew no such immunity. Before that year, a trade union was merely an aggregation of individuals, and, if all those individuals were made parties in an action of tort and cast in damages, such property as they possessed could have been taken in satisfaction, including the trade union property. It was difficult, perhaps, to get at their property, but the difficulty was a physical, not a legal one. Since the Judicature Act and the well-known order of 1883 made pursuant thereto a representative action has become possible on the common law side. The law thereafter was clear that a trade union could be properly sued in a representative action, and their funds made liable for any damages in which they might be cast. No body of men in this country to-day is able to establish a claim of immunity, such as is put forward by hon. gentlemen below the gangway.² We have been told repeatedly, in the course of the debate, that employers can get their damages from the actual wrongdoers, but I may remind the House that in ninety-nine cases out of a hundred the men, from whom we are told they could get damages, are men of straw.

I venture to address to the Labour members a clear and definite question raising an issue which, at least, is an issue of principle: are they

¹ Mr. Hudson (Newcastle-on-Tyne).

² The Labour party.

prepared to extend to associations of employers the same immunity, which they ask the House to grant to the trade unions? [Labour cries of "Yes."] Are they prepared to say that, if an association of employers cause damage to their union to the amount of £10,000, the remedy of members of the union should be limited to an agent with £100 a year—a man of straw from whom they could not get a farthing? I do not gather that there is an entire unanimity in the answer from the Labour benches. [Cries of "Yes."] The words of the Bill just admit of that construction, but it is by no means clear that, under the *eiusdem generis* rule the expression "similar associations" would not be construed to mean associations closely analogous to trade unions, that is to say, of employees only. A suggestion has been made from below the gangway on the Ministerial side of the House that an adequate reason why trade unions ought to have this privilege is that they are to-day unable to sue. Let me here ask a question, which brings the matter back to a very narrow compass. If trade unionists are given the right to sue, will they abandon the claim they are now making? [Cries of "We don't want it."] That is, at least, an honest answer. They do not want the right to sue, but, that being the case, they should not allow without protest the argument to be advanced, that they desire this measure because they do not possess the right to sue.

I wish to say a word in conclusion on the position of the Government. The Attorney-General¹ is one of the few men in the House with whom I

¹ Sir John Lawson Walton.

have the good fortune to be in thorough agreement both on the moral and legal questions underlying this proposal. In introducing the Government measure the Attorney-General said: "You may, in your wish to prevent injustice being inflicted on trade unions, create injustice against individuals who are members of the community." But, if the Government intend to leave the question to the House, no one is under the slightest misapprehension as to what the House will do. Therefore, if the Government leave it to the House, they are willing, on their own admission, to "create injustice against individuals who are members of the community." The Attorney-General admits that "you are proposing class privileges." That is what the Government will do, if it leaves the question to the House. They are about to "create a privilege for the proletariat." They are going to "remove from the unions and particularly from the agents, the sense of responsibility." I would much rather give the vote which the Labour members are about to give, because they honestly believe in the principle that underlies the Bill, than the vote which will be given by the members of the Treasury Bench, for a measure which the Chancellor of the Exchequer¹ has pronounced to be wrong. They are about to vote for a measure of which the Attorney-General² has spoken in language which hon. gentlemen below the gangway will not soon forget, whatever the fate of this

¹ Mr. Asquith.

² Sir John Lawson Walton, from whose speech the passages in inverted commas in this page are quoted.

measure may be. Let us not hear from benches opposite, or, at least, from the Treasury Bench, any more talk of opportunism, or political cowardice. We on this side of the House will be voting for what we believe to be right, although it may do us political harm in the country. We are incurring this risk, because we think it is right, but the front Ministerial Bench are doing what they believe to be wrong, because they think it will do them political good. At last we have driven the most powerful Government of modern times into the open, and, after all, the colossus has feet of clay. The House, the Party, and the country asked the Government for a lead, and the Government put up the Attorney-General to say that they are better at following. I congratulate the hon. member for Merthyr Tydvil¹ upon the captures he has made on the Front Bench. He may say, "The Treasury Bench is my wash-pot, and over the Attorney-General have I cast out my shoe." I compliment the hon. member upon his victory. He is entitled to say as he looks at each individual victim on that bench: "A poor thing, but mine own." The Attorney-General, on his part, may say to the hon. gentleman, in the words of Princess Ida:

"Ask me no more, dear love,
For at a touch I yield."

The Opposition, whether the result prove in the event to be a political advantage or a political misfortune, at least at a time of unexampled stress to every man who was anxious to win his way into the

¹ Mr. Keir Hardie, then chairman of the Labour party.

THE TRADES DISPUTES BILL, 1906. 27

House of Commons, said that they would vote against this measure. But the occupants of the Government Benches are voting for this Bill against their deliberately formed and twice repeated convictions, because they dare not face a mutiny which they cannot quell—an example which, whether or not it prove favourable to their advancement at the polls, will not tend to raise the standard of public morality either in the country, or in the House.

III.

THE EDUCATION BILL, 1906.

May 9, 1906.

[The Education Bill, 1906, which was introduced in the House of Commons by Mr. Birrell on April 9, 1906, provided that no school should be recognised as a public elementary school, unless provided by the local education authority. No other type of school would receive aid from rates or taxes, and every school, which received rate-aid or grants, would at once become a provided school, in which the only religious instruction paid for out of public funds would be Cowper-Temple teaching, and in which the teachers would not be subjected to any religious test. All religious instruction was placed out of school hours. The local authority was empowered to make arrangements with owners of existing voluntary school-houses to carry on such school-houses as provided schools, the authority being under an obligation to maintain the fabric during the continuance of the arrangement, and the owners being allowed the use of the school buildings in the evenings, and on Saturdays and Sundays. The authority was required (though the compulsion was not absolutely complete) to afford facilities in such schools to enable children to receive special religious instruction on two mornings a week, if their parents so desired. This instruction was not to be given by the regular teachers; it was to be paid for by the denominations to which the children belonged, and was to be out of school hours. These facilities were not allowed in schools, which had always been provided schools. The local authority was further empowered to grant special religious instruction in any transferred voluntary school in an urban area, if the parents of at least four-fifths of the children attending the school should signify at a public inquiry their desire for such instruction. The

Bill also contained provisions relating to school endowments, and the establishment of a General Education Council for Wales.

The following speech was delivered on May 9, 1906, in the course of the debate on the second reading of the Bill.]

MR. SPEAKER, SIR,—I listened with some surprise to the speech of the hon. member for the Toxteth Division of Liverpool,¹ setting forth the grounds upon which he supports this Bill. He told us that he is a Protestant. He told us also that he contemplates the present position of the Church of England, so far as the securities for its Protestantism are concerned, with great disquiet. Of course, everybody knows to what the hon. member referred; he was clearly thinking of the forthcoming Report of the Royal Commission.² But, with great respect to him, whatever may be the effect of that Report of the Royal Commission on the matters with which it deals, it has about as much to do with the Bill before the House to-day as the question of King Charles' head. I believe I am largely in agreement with many of the views upon that subject which the hon. gentleman has expressed to-day. If it be established by the Report of that Commission that there are cases of illegality with which it is necessary to deal, then they must be adequately treated, but I am utterly at a loss to fathom the argumentative attitude of those who put before the House the view that, because there may be five or six—or twelve or as many persons as you like—who disobey the law of England, therefore they will support a Bill, which will, or may be unjust to all those mem-

¹ Mr. Austin Taylor.

² The Royal Commission on Ecclesiastical Disorders.

bers of the Church of England, who have no desire at all to disobey the law. I conceive that this question of Protestantism is a mere red herring drawn across the trail of this Bill, and I venture to say that it comes with very little grace from a member of this House, who is going to support the second reading of a measure, in respect of which there is every reason to apprehend that special concessions to Roman Catholics are about to be given. I do not say myself that I would view with anything but satisfaction the concessions asked for by the hon. member for East Mayo¹ and his co-religionists on the lines of his speech; but I do suggest that, if these concessions for which the hon. member for East Mayo asks are not rendered impossible by a cast-iron wall of principle—if that be not so, then those, who on these benches represent the Church of England, are equally entitled to claim them.

To deal with the converse of that proposition; if there is some cast-iron wall of principle, which prevents you making these concessions to the Church of England, then you are guilty of a pusillanimous repudiation of this principle, if you extend such concessions to hon. gentlemen sitting below the gangway² in flat contradiction of everything said at the time of the election, and of the plain issue upon which we are told the vote of the country was given. Many claims have been put forward as to the ground upon which we are asked to support the second reading of this Bill. The Minister for Education³ has told us that it embodies two great principles; first, he says that it will effect and bring

¹ Mr. Dillon.² The Irish party.³ Mr. Birrell.

about a national settlement, and, secondly, that it will make for simplicity in the schools.

I do not think that after the course of this debate the most sanguine member of this House will attempt to say that the measure is likely to effect a national settlement. The deplorable speech of the President of the Board of Trade¹ was hardly calculated to assist a settlement. He told us—and the phrase in its application was destroyed by the right hon. member for West Birmingham²—that democracy had pronounced clericalism to be the enemy. I wonder whether members in this House recall the utterance of a gentleman of whom I speak with respect—Dr. Clifford—when he said that he was minister at Westbourne Park for the same reasons and principles that he was president of the Paddington Radical Association. I do not suggest that that may not be true, or that the claim may not be well founded; but I do suggest that, if you sit in this House, as so many do, as the result of oratorical efforts on the platform by battalions of Nonconformist ministers, it is not wise, it is not decent, and, surely, it is not grateful to tell the House that the enemy democracy has to fear is clericalism.

When the right hon. gentleman¹ puts himself forward in this House, as being authorised to tell the House what it is democracy wants, and suggests that democracy has given an opinion on the subject of clericalism, I would ask him and others who sit near him, whether they suggest that they were returned on a basis of anti-clericalism. I hold in my hand an answer that interests me, because it

¹ Mr. Lloyd-George.

² Mr. Chamberlain.

was given by the Attorney-General for Ireland,¹ who sits, like myself, for a Division of Liverpool. He was asked by a man of Roman Catholic faith whether, if returned, he would support a Bill upon the lines which we are discussing to-night. Did he answer, or did any who sit on the Ministerial side of the House answer and say, "We are following the democracy, and the democracy has said that clericalism is the enemy." Let me read what he said—

"I am in receipt of your letter of the 9th inst. in which you have submitted to me a question as regards the right of Catholic parents to have their children educated in the elementary schools in conformity with their religious opinions. I have already, I think, answered the question in my election address satisfactorily to Catholics, and I need only repeat here that I shall do all I can to preserve for Catholics in any Education Bill which the Government may introduce, the right to have their children educated in their own faith, and by teachers of their own faith. I think that is all they ask for, and every reasonable person of any religious conviction must admit the reasonableness of that demand."

It is carrying cynicism too far for one member of the Government to come down to this House and to tell us that, in the mandate of democracy, clericalism is the enemy and for another member of the Government, even an Irish Attorney-General, when he was concerned to become a member of the House, and to conciliate the feelings of those who were likely to become his constituents, to protest that no reasonable person

¹ Mr. Cherry.

could dispute the right of Catholics to have the Catholic religion taught in their schools by persons of their persuasion—a claim very unlikely, if conceded, to diminish the influence of clericalism.

This Bill, so far as it is put forward as a national settlement, will fail, and it will fail, so far as it is put forward as a measure of simplicity, for you must remember that you found in existence two schools, and you are leaving by this measure four schools. You are leaving, in the first place, provided schools; in the second place, facility schools; in the third place, special facility schools, and in the fourth place, the excluded schools in cases where they are either the subject of a private ownership, or are held under trusts which permit of exclusion. Do not let the House think for a moment, that the fact that you are about to create four classes of schools will make no difference to your educational machinery. It all means complication and proves the impossibility of that simplification of machinery, which was put forward by the Minister¹ who introduced the Bill as one of its chief merits. The Bill will fail, not only on these grounds, but on grounds which go deeper still, because it is not a compromise nor a concordat, but a brutal dictation of terms. ["No."] Hon. members say "No." I venture to think that, when the clauses of this Bill are examined, and when the principles are tested, not in the light of what has been said below the gangway on the Opposition side,² or in the light of what I and my friends say, but in the light of those who have been held entitled to speak for the Liberal party

¹ Mr. Birrell.

² By the Irish party.

in times past—judged, I say, even by those tests, it must be pronounced a brutal dictation of terms. You must re-write the old reflection and say, “Thus conscience doth make bullies of us all.” Let me remind the House of what was said by the Minister for War,¹ than whom there is no greater authority on education, and who has worked for education, while others have shrieked about it. I will remind the House of what he said in 1902, when the Bill was introduced. He wrote deliberately and away from the heat of debate—

“If the Liberal party came into power to-morrow, and tried to establish a general school board scheme, it would find itself in even a more serious position than that in which Mr. Gladstone was in 1870, when with a huge majority he failed to accomplish this very thing.”

This is the view which the Minister for War took. I would ask hon. members opposite whether there is no justification for saying it is an imposition, a brutal dictation of terms, when I remind them, as has already been said in the debate, that it is not in controversy between the two sides of the House that dissenters get from the rates under this Bill a provision with which they are conscientiously satisfied for the education of their children. I do not say, and it does not in the least matter whether you use the expression, that dissent is endowed. I am willing to avoid the term, if any hon. member thinks it offensive, but, when you penetrate beneath the words to the substance, no one can deny that you are getting in the schools by the assistance of

¹ Mr. Haldane.

the rates the form of religious education for your children which satisfies your conscience. You are getting what Mr. Gladstone called the popular injustice of undenominational instruction, and what he called elsewhere, so far as it appeals to the rates, its glaring partiality. If Mr. Gladstone was right in saying that it was a glaringly impartial application of the rates, is it not possible that there may be some ground for the grievances seriously felt on this side of the House?

The hon. member for North West Ham,¹ in an interesting speech, said that the Government had no mandate to stamp on the country one form of religious teaching, and that to attempt to deal with it in this Bill was to load the dice. Do not hon. gentlemen think that when one of their number, returned to this House to support them, describes their policy as a loading of dice, there may be ground for saying that it is dictation of terms? If we go below the gangway we find the hon. member for Blackburn² saying that Nonconformists, in their joy at having Nonconformity established as a State religion, are embracing a measure which will inflict an outrage on the majority of this country. Is that right or wrong? If it is true, is it to be suggested that there is no grievance? If it is well founded, surely you can realise that you are imposing by Act of Parliament on the majority of this country, and forcing them to pay for, a creed which is not their creed. Surely these observations from their own ranks might make hon. members a little more tolerant, when we attempt to place before them

¹ Mr. C. F. G. Masterman.

² Mr. Snowden.

the view which is held by the majority of the clergy and the laity of the Church of England. I would ask hon. members, in dealing with the opposition of the Church of England, not to dismiss it with the curt statement that it is merely a matter of the bishops' agitation. I think they realise as well as I do, that from the moment the bishops of the Church of England cease to have behind them the laity of the Church in the protests they are making, you may deride their opposition. If hon. gentlemen think that in this matter the bishops have not the support of the vast majority of the Church of England behind them, they are likely to have a very rude awakening. Then we are told that Nonconformists under this Bill are securing no special advantage. I merely ask some subsequent speaker, who has a right to speak on behalf of Nonconformists, to tell us of one fundamental article of his particular creed which is excluded from that national system which you are putting on the rates. I ask him to call attention, not merely to some point of collateral teaching, but to some point of doctrine, which goes down to the foundation of his belief, and is taught in the Sunday school of his own providing.

Mr. LEIF JONES (Westmoreland, Appleby): Can the hon. gentleman tell us of any fundamental doctrine of the Church of England which is excluded?

Mr. F. E. SMITH: It is obvious that I could give the hon. member many such doctrines. I need only mention the Eucharist. Although the opposition of the Church of England in this matter

is in principle the same as the opposition of the Church of Rome and of the Jewish Church, if you are about to contend that the principle on which you won this election does not preclude you from making concessions to hon. gentlemen from Ireland or the Jews, how will you differentiate on principle between the Jews, the Roman Catholics, and the Church of England? Does the hon. gentleman wish to discriminate at all? He is by no means so ready to intervene in the debate now, as he was a minute ago. If it is his object to introduce such differentiation between the Jews, Roman Catholics, and the Church of England, what becomes of his principle that, under no circumstances, will he have what have been described as religious tests for teachers? The right hon. gentleman who introduced this Bill¹ said that in this matter he relies upon the moderation and good sense of the local authorities. If you are going to "use moderation and good sense," I suppose it is meant that in Roman Catholic districts you will appoint Roman Catholic teachers; if so, you are face to face with inexorable necessity, and you will have imposed those very same inquiries which have been described as tests by hon. gentlemen in the country. ["No, no."] If they were not tests, perhaps some one will explain why they were abused on every platform as being tests. If they were, then you are going to reproduce and perpetuate them, though vicariously, in this Bill. The right hon. gentleman¹ has not the courage to impose them himself, but he encourages the local bodies to do so.

¹ Mr. Birrell.

When I am told that I do injustice to the views of Dissenters, when I say that they have all the religious teaching they want from the rates, I reply that this position is not one which was put forward by the great Parliamentary Dissenters in the past. Have hon. members on the Ministerial side ever read one of the most able presentations of the Nonconformist case in the education discussions of 1870—I refer to the speech of Mr. Miall, who said—“The Bible is our only Book; no creed, catechism, or liturgy is its rival with us.” [Ministerial cheers.] I note with great satisfaction that approval. If the Bible is your only book, then you are getting your only book at our charge for the purpose of the religious education of your children. [“No, no.”] Hon. gentlemen cannot have it both ways. They cheer the declaration of Mr. Miall, and when I retort that they are getting at our charge the only book they want for the purposes of religious education, it is idle to meet that statement with clamour. If hon. members opposite are not satisfied with Mr. Miall’s view, let me recall a statement made in the same debate by one who had no small claim to speak with authority, Sir William Harcourt. He said—

“What is the doctrine of religious equality? If I understand the doctrine it is this: that the State in its relation with its citizens is absolutely indifferent to all forms of religious teaching, and as regards any funds raised either directly by the State or indirectly under its authority, one form of religious opinion has as full a right to share in the appropriation of such funds as another.”

Those were the views of the old Liberal party, and we ask to-day whether you adhere, as a broad declaration of principle, to the view that, so far as the appropriation of public money is concerned, one religious denomination should benefit equally with another, that the creed which demands special books and formulæ shall be in no worse a position, so far as public money is concerned, than the creed which, like your own, is represented by the Bible, without any liturgy or catechism. That is the simple demand which has received the high authority of Sir William Harcourt. When we are told that the position is a new one, I would ask hon. members to recall the decision of 1870, and the compromise which was then entered into by all parties. The State was then called upon to repair years and decades of educational neglect. You had then to establish a universal school-board rate, and you had to rate Roman Catholics and Jews, who would rather die illiterate than use your schools, and you had to rate Anglicans, who, rightly or wrongly, have raised millions of pounds with the intention of avoiding Cowper-Temple instruction. Hon. members opposite should remember that the measure of 1870 could not have been carried in face of the opposition of the Church of England and the Church of Rome, if it had not been on the perfectly well-understood terms of a permanent compromise with both those Churches. If that proposition is doubted, I would remind hon. members of the words of Mr. Forster, who said—"If the Conservative party had used party tactics to oppose the Bill it never could have passed." There you

have the fact that the Bill introducing a universal school rate would never have been passed without the support of the Church of England, and the consideration you gave in return was that voluntary schools, whether Catholic, Church of England, or Jewish, should be permanently incorporated in the educational system of the country. This is no mere matter of inference of mine from chance words uttered in the debate. Let me remind you of what Mr. Gladstone said on this very point. He said on the second reading debate—

“The machinery of voluntary schools we found not only existing in this country but overspreading it, and on every ground, but particularly on the ground of what is due to the promoters of these schools and their benevolent and self-denying labours—”

That is a higher note than clericalism, the common enemy—

“We adopted as the fundamental principles of the Bill that we would frankly employ voluntary schools, but because we cannot do with voluntary schools alone we proposed to fall back on the rates and fill up the gap which we saw.”

When the leader of your party¹ and the Minister who introduced your Bill in 1870² said to those who had built and supported voluntary schools, “If you will also consent to a rate, if you will assist us to pass this Bill which we cannot pass without your support, we will only treat the new machinery as a means of filling gaps in your system,” is it suggested that it is just or honest to come to the House of

¹ Mr. Gladstone.

² Mr. Forster.

Commons in 1906 and say to those who represent those schools, "Although those were the terms which were made, we will now—I will not use the word confiscate—appropriate by forms of law the schools which we undertook to supplement, when we extorted from you your assent in 1870"? Between 1870 and 1902, £23,000,000 were raised by those who supported voluntary schools for the purposes of their maintenance. I give the hon. member for North Camberwell¹ all the credit he is entitled to for the industrious energy with which he has shown that some of this money was subscribed by railway companies. Making all allowances for that, it is sufficient for my proposition that in those thirty-two years millions of pounds have been subscribed by those who feel that denominational teaching is in the interests of the children. I think it was an Under-Secretary who said a week or two ago in this House, in another connection, that wrongs may be forgiven, but that anything in the nature of a trick or chicane will always rankle. I say for those who were induced to consent to that settlement in 1870, that you are not entitled to use to their prejudice to-day the consent which was necessary for the passage of your Bill in 1870, without something in the nature of a trick or chicane.

It is suggested now, on grounds which I have never been able to understand, that in 1906 a new principle came into play. I should like to ask hon. gentlemen opposite, what single circumstance relevant to these discussions existed in the year 1906, so far as the position of voluntary schools is con-

¹ Mr. T. J. Macnamara.

cerned, which did not exist in the year 1870, when the compromise was made? [Ministerial cries of "Rates."] Hon. gentlemen tell me that since 1870 the rates have come. Let me ask them to think for a single moment what is involved in that contention. Let me ask how high you can put the conscientious objection which depends on the rate. No one can put it higher than this, that you must not impose a public burden on a man, which will make him pay for a religion which affronts his conscience. Will any hon. member say that it matters whether the public burden is collected by the municipal or the national tax collector? The grievance, if there be one, is the same in both cases. It is therefore clear that the ground of principle was conceded once and for all in 1834, when the State granted £20,000 to the voluntary societies, and it was again conceded in 1839, when £30,000 was substituted as the amount of the grant. To both these grants Nonconformist taxpayers were compulsory contributors. I say to those hon. gentlemen, who tell us in 1906 that their consciences are affronted, that their predecessors in the Nonconformist world were not men who objected less than they do to pay for religious education which was not theirs, but they did not seek for the tolerance of the auctioneer, or jostle into a well-advertised prominence at the police court. Were they less righteous than hon. gentlemen, or were they merely less intolerant?

If the position is put before me, as one hon. and learned gentleman put it, as being a distinction mysteriously inherent in the nature of a rate, if it is seriously contested that there is some difference

of principle between a tax or a rate, I would ask him whether he has ever considered the circumstances under which we are rated for religious instruction in the workhouse? I do not know whether he is aware that, to-day, in the workhouse, denominational religious education is being given at his and my charge. It appears that in the effort to understand this conscience, with which we are told we must not jest, we must draw a distinction which goes even deeper. We must not draw the distinction merely between a rate and a tax. It appears that sometimes you may pay a rate in support of denominational education without affronting your conscience, but you may withhold the rate, and pray your conscience in aid to justify a violation of the law, if, by doing so, you can injure the Church of Rome, or the Church of England, or the Unionist party. Sir, though we may not jest with these consciences, we may, perhaps, point out that they jest with themselves. When we are told that the real remedy for one at least of the grievances which have been felt in the past, is that children shall not be compelled to go to school during the hour in which religious instruction is given, I would remind hon. gentlemen of a sentence in which that suggestion was once and for all dismissed by Sir William Harcourt, who said—

“You tell us on the one hand that religion is the basis of all education, and we accept that statement and establish religious schools. You say it is the greatest, the most important part of education, and then you give effect to your declaration by telling the children, when they come to school, ‘You must not fail to attend to

reading, writing, arithmetic, and geography, but there is one subject you should entirely neglect, if you please. When religious instruction is about to be imparted, if you object to the teaching, you should go out and play at marbles in the gutter.'"

The President of the Board of Trade¹ said that simple Bible teaching alone stands between the country and secular education. What is the value of this barrier so long as you allow any child who would rather play in the playground to avoid religious instruction to do so? I would ask the House to consider the advice given by the President of the Board of Trade in 1903 to the Welsh Councils in an interview given to the representative of the *Manchester Guardian*—

"Let all the children go out for a few moments and then let those who prefer the catechism to play return to the religious instruction, while their playfellows are free to continue their play. He had no doubt that the children would have such a regard for the apostolic succession as would draw them back to the school while the wicked went away bird-nesting."

If that is the spirit in which you are going to work, the less you talk about the value of the barrier against secularism which you are erecting by this Bill, and the sacrifices you are thereby making, the better it will be for your reputation for sincerity.

It has been pointed out that the expropriation clauses of this Bill are among the most objectionable. Here again the President of the Board of Trade said—

"In the main the expense of building these schools fell upon Churchmen. For my own part, I would no

¹ Mr. Lloyd-George.

more rob the Church of property that is legitimately hers than I would rob my own little chapel of its property."

I have not heard that the triumvirate is empowered to deal with the little chapel, but if it were, perhaps the right hon. gentleman would have a little more regard for the feelings of those whose property is about to be placed in the hands of the Commission of Three. The Government have proposed to offer a partial bribe to one section,¹ and they have undergone the unspeakable humiliation of seeing that bribe despised by those to whom it is offered. [Laughter.] If those who laugh think that the four-fifths clause is likely to be accepted in its present form, I venture to say they will be rudely undeceived by speakers who will follow below the gangway.¹ Let me close with another quotation from Sir William Harcourt—

"What becomes of the minority? They are offered religious education which does not suit them. It must not be said that they can get secular education. I presume that the minority require religious instruction as well as the majority and you offer them a form of education paid for out of the rates that they cannot use. Do you tell me that is political justice or religious equality?"

I say, speaking for the rank and file of the party to which I belong, that we shall offer to this Bill, at every stage, a sustained resistance, both in principle and in detail. In doing so, we shall have as our hearers a larger audience than that which we address within these walls, and we shall look forward to an ampler division lobby than that which is about to register your fleeting triumph.

¹ The Irish party.

IV.

THE HOUSE OF LORDS.

February 18, 1907.

[In the King's Speech in 1907 the following sentence was accorded considerable prominence: "Serious questions affecting the working of our Parliamentary system have arisen from unfortunate differences between the two Houses. My Ministers have this important subject under consideration, with a view to a solution of the difficulty." Such measures of social reform as were foreshadowed, the necessity for which had constantly been emphasised by members of the Government, were awarded a less conspicuous position. On February, 18, 1907, in the House of Commons, Earl Percy moved the following amendment to the Address: "But humbly regrets that the social legislation declared by Your Majesty's Government to be urgent should be postponed for the purpose of effecting revolutionary changes in the powers exercised by Parliament over the affairs of the United Kingdom and in the constitutional relation between the two Houses." The following speech was delivered in the course of the debate on this amendment.]

MR. SPEAKER, SIR,—There is a well-known saying that in politics there is little gratitude. But, perhaps, the hon. member for Barnard Castle,¹ before he taunted the Conservative party with their new-found zeal for social reform, might have remembered that several measures which are considered useful by the Labour party, such as the Factories Act, Truck Act, Free Education Act, Trade Unions Act, and Work-

¹ Mr. Arthur Henderson.

men's Compensation Act, owed their inception to the Conservative party. [Ministerial cries of "Oh, oh!"] Surely what I have stated is well within the knowledge of the whole House.

Mr. FENWICK: Not the Free Education Act.

Mr. F. E. SMITH: That Act was undoubtedly passed by the Conservative party.

Mr. FENWICK: The Free Education Act was carried by the Liberal vote being added to the Tory vote. Two nights after the division, in reply to a question, the late Mr. W. H. Smith admitted that more than half of his own party voted against the second reading of the Bill, and that the Bill was only carried by the Liberal vote being added.

Mr. F. E. SMITH: That statement establishes fully the proposition I made, which is that the measures I enumerated owed their inception to the Conservative party, and that this party, considered as an instrument for social legislation, is, judged by results, far superior to any other party. I might have added that in their endeavours to place the Truck and Factory Acts on the statute-book we encountered no little opposition from the Liberal party. I am sure that on reflection the hon. gentleman will see reason to qualify his observations. The primary issue before us, that of the House of Lords, is, I agree, of supreme seriousness; but to listen to the speeches so lightly made, one might wonder whether we are taking part in a tragedy or a comic opera. Do hon. members know that their predecessors, who considered this question ten years ago, also gave no slight attention to selecting the best practical method of dealing with the House

of Lords? I know no more astute and experienced politician in this House than the leader of the Irish party.¹ That party had no more cause to like the House of Lords then than now, yet this is what the hon. and learned member said at that time—

“It is positively amusing to read the facile prophecies of early destruction that are hurled at the Lords; you would imagine it was the easiest thing in the world to pull down an institution as old as the English Monarchy, which enjoys the confidence of millions of the English people.”

Those words are as true to-day as they were then, and the difficulty has not grown less. The threats, and resolutions, and stage alarums, that have been bandied about the country, are an inspiriting prelude, if the Government is going into action; they are singularly unimpressive, if the Government is hurrying out of the line of fire of a general election. The Lords have taken the same line towards the Plural Voting Bill that they took with regard to the franchise dispute in 1884, insisting that the greater anomaly, as well as the smaller, must be dealt with.

As to the Education Bill, the real quarrel of hon. members opposite with the Lords is not that they destroyed that Bill, but that they did not destroy the Trade Disputes Bill. The Liberal party hoped to have the latter Bill as a make-weight in their great Constitutional struggle. None of the really enlightened champions of democracy have since dealt with this issue of the House of Lords without giving vent to their extreme grievance at the pass-

¹ Mr. John Redmond.

ing of the Trade Disputes Bill. One of these hon. gentlemen,¹ who now sits on the front bench, asked, "Why is it that the House of Lords passed the Trade Disputes Bill? Because the foot of Labour is big." Although the Lords thought it a bad Bill, they passed it because the foot of Labour was big. In other and less picturesque language, when there are reasons for thinking that the majority in the constituencies in favour of a measure is large, then the House of Lords pass that Bill, irrespective of their own moral judgment. Does any hon. member suppose that at the time the House of Lords passed the Reform Bill they approved of it? [An hon. member: No.] Precisely, that is the position in regard to the Trade Disputes Bill. [Laughter.] Hon. members who laugh do not mark where that admission leads. It leads a little beyond the pleasantry of the moment. It leads to, and renders necessary the conclusion that, if once the Lords are convinced the people really want a Bill, they will pass that Bill. If I have established that preliminary ground, I ask the House to mark the practical conclusions that flow from it with reference to the Education Bill. I gather that the view of hon. members on the other side is that the House of Lords is a collection of extremely pusillanimous statesmen. What is it in respect of which they are pusillanimous? It is not the House of Commons. It is the country, and when they have reason to believe that popular feeling would flame into violence against them in the event of rejection, they pass a particular measure.

¹ Mr. T. J. Macnamara.

I venture to remind the House of some passages from a letter written in 1846 by the Duke of Wellington to the then Lord Derby. Referring to the crisis produced by the refusal of the Lords to pass the Reform Bill in 1832, he wrote :—

“Upon finding the difficulties in which the late King William was involved by a promise made to create peers, the number, I believe, indefinite, I determined myself, and I prevailed upon others, the number very large, to be absent from the House in the discussion of the last stages of the Reform Bill, after the negotiations had failed for the formation of a new Administration. This course gave, at the time, great dissatisfaction to the party; notwithstanding that, I believe it saved the existence of the House of Lords at the time, and the constitution of the country.

“Subsequently, throughout the period from 1835 to 1841, I prevailed upon the House of Lords to depart from many principles and systems which they as well as I had adopted, and voted on Irish tithes, Irish Corporations, and other measures, much to the vexation and annoyance of many. But I recollect one particular measure, the union of the provinces of Upper and Lower Canada, in the early stages of which I had spoken in opposition to the measure, and had protested against it; and in the last stages of it I prevailed upon the House to agree to, and pass it, in order to avoid the injury to the public interests of a dispute between the Houses upon a question of such importance. Then I supported the measures of the Government, and protected the servant of the Government, Captain Elliot in China. All of which tended to weaken my influence with some of the party; others, possibly a majority, might have approved of the course which I took. It was at the same time well known that from the commencement at least of Lord Melbourne’s Government

I was in constant communication with it upon all military matters, whether occurring at home or abroad, at all events. But likewise upon many others.

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“My opinion is, that the great object of all is that you should assume the station, and exercise the influence, which I have so long exercised in the House of Lords. The question is, how is that object to be attained? By guiding their opinion and decision, or by following it? You will see that I have endeavoured to guide their opinion, and have succeeded upon some most remarkable occasions. But it has been by a good deal of management.

“Upon the important occasion and question now before the House,¹ I propose to induce them to avoid to involve the country in the additional difficulty of a difference of opinion, possibly a dispute, between the Houses, on a question in the decision of which it has been frequently asserted that their lordships had a personal interest; which assertion, however false as affecting each of them personally, could not be denied as affecting the proprietors of land in general. I am aware of the difficulty, but I don't despair of carrying the Bill through. You must be the best judge of the course which you ought to take, and of the course most likely to conciliate the confidence of the House of Lords. My opinion is that you should advise the House to vote that which would tend most to public order, and would be most beneficial to the immediate interests of the country.”

A similar course to that advocated by the Duke of Wellington has been adopted by other leaders of the House of Lords. Thus Lord Salisbury supported the Irish Church Disestablishment Bill which he had previously opposed, on the express ground

¹ The Repeal of the Corn Laws.

that the constituencies on a reference had pronounced upon the issue.

The question between the two Houses is, therefore, always of fact, not of constitutional principle. It is said that the country is seething with indignation because the Lords did not pass the Education Bill. From what quarter is the indignation to be generated? Is it to come from Bristol, where the Minister¹ before the election promised a Bill with all-round facilities? The Labour members take no interest in it because it was not secularist. Is it coming from Mr. Hirst Hollowell and the passive resisters, whose sole thought was that the Bill must be killed somehow? Were the Irish members or the English Roman Catholics satisfied with the Bill? The strongest possible motive is needed before the Government can deal with the House of Lords, and the Prime Minister can only help his followers by the observation that "A way must be found." I have always found in my experience that when a man says vaguely that a thing must be done, he has not the slightest idea of the particular method by which it is to be done.

The Prime Minister's despairing observation reminds me of King Henry's cry: "Will none of the rogues who eat of my bread rob me of this turbulent priest?" Now, as then, persons are forthcoming to rush in, where the person principally aggrieved fears to tread. During the recess, the Home Secretary,² in a speech at Leeds, after a torrent of criticism of the House of Lords, informed his listeners that he really believed, by the line the House of Lords had

¹ Mr. Birrell.

² Mr. Herbert Gladstone.

taken, that they had brought the secular solution nearer ; and then he added, " I myself have always been in favour of the secular solution." That is the extent of the right hon. gentleman's quarrel with the House of Lords. It is true that while the right hon. gentleman sympathised with the secular principle he voted against it. The Home Secretary avowed himself a supporter of the policy of filling up the cup, but the right hon. gentleman is too mild and courteous a man to be really at home in this revolutionary *galère*. The Under-Secretary for the Colonies,¹ who is far better equipped for this kind of pavement politics, stepped into the breach at Manchester, and pointed out that a great deal could be done by tacking. Nobody knows better than the hon. gentleman what can be done by tacking.

Members of the party opposite have been invited by the *Tribune* to state their view as to how the situation should be dealt with, and I find that there are eleven distinct methods of dealing with it, each of which is supported by considerable numbers on the benches opposite. The method which has received the largest measure of support is that of restricting the veto, so as to enable the House of Lords to throw out only once a Bill passed by this House. Is it not obvious that by committing themselves to such a method of dealing with the House of Lords, whether by Resolution or by Bill, hon. gentlemen opposite are making themselves a laughing-stock before the country? What is the whole dispute? The whole dispute is whether the Government or the Opposition represent the

¹ Mr. Winston Churchill.

people on a particular issue—let us take the case of the Education Bill—and, obviously, the Government cannot be the judge of an issue in which they are a principal litigant party. If that view had prevailed, the last Home Rule Bill would have been law to-day, although the country so speedily rejected it, after the House of Lords threw it out on second reading. The real truth is that, historically, the efforts of the Liberal party to deal with the Constitutional question have been vitiated by a complete disability to distinguish between the Liberal party and the people. They are not necessarily or constantly the same. They occasionally approximate one to the other more than they do at other times. A most offensive habit which Liberals have, in dealing with this issue, is to talk of England, as if it were a permanent Radical pocket borough, on much the same principle as a valet wears his master's clothes in the servants' hall. [Ministerial cries of "Oh, oh."] Liberals have been attempting for 250 years and more, without making substantial progress, to pass resolutions declaring that the House of Lords is useless, dangerous, and ought to be abolished. I am sure that the House of Lords is more than satisfied with the progress which the campaign against it has so far made. The agitation which the Government have in contemplation, will assuredly not be more effective.

Whenever hon. members opposite have been in power, they have adopted the same tactics as far as the House of Lords is concerned. I have tried to discover the historical origin of the phrase—the offensive phrase—"the people's House," which is

so common in the mouths of a large number of Liberals. [Ministerial cries of "Why?"] Because it is tedious to insist on a fact with which everybody is familiar, and because it is only stated, in order to induce, in some way, the view that the Liberals are the special and Heaven-appointed guardians of the people. This interesting expression arose at the time when Fox's India Bill in 1784 was carried through the House of Commons by a majority of 100, and thrown out by the House of Lords. The action of the House of Lords provoked protests which are exactly paralleled by the protests made to-day. The outraged Foxites made England noisy with their clamour, but notwithstanding their protests, 160 of "Fox's Martyrs" lost their seats. I pass hurriedly to Lord Melbourne's administration from 1835 to 1841. I fear there are not many hon. members who recollect that period, but they must have read that between these years there was constant friction between the two Houses, and that the rejection of the Irish Municipal Corporation Bill convulsed Ireland to the heart. Led by the great O'Connell, there was more promise then of a successful agitation against the House of Lords than at any other period, and so cautious an observer as Macaulay said that there must be a final collision between the two Houses in the immediate future. There were four years of bluster, during which Liberals declared that the people were being betrayed, but, at the general election which followed, those who said that the people had been betrayed, and who threw themselves on the bosom of the people, were themselves

cast away, and the Conservatives were returned by a majority of ninety-one. Is the present Prime Minister¹ a more persuasive personality than Fox? Is the Under-Secretary for the Colonies² comparable as a fire-brand to O'Connell?

Again, in 1872, there was a bitter agitation against the House of Lords, who were once again assured that the handwriting was upon the wall. Two years afterwards, the Conservatives were returned to power by a majority. Then there was the historic case of the Home Rule Bill. I may remind the House of the meetings in Hyde Park and Trafalgar Square, to protest against the action of the House of Lords in throwing out that measure. So great was the bawling and the clamour, that England became no fit home for a quiet man. Hon. gentlemen opposite chose their battle-ground; they came, they saw, and they were conquered. And that was the end of the great outcry against the House of Lords. The Liberal party has drawn too many cheques on the people in the last sixty years—cheques which have been returned marked “no assets”—for much attention to be paid to the present pretensions. I may recall the repartee of Charles II., when warned by his brother James that the people meant to assassinate him. Charles replied: “They are hardly likely to assassinate me to make you king.” The people of England are not likely to assassinate the House of Lords to make the Radical party king. I venture to think that they are similarly unlikely to assassinate the House of Lords, in order to make the House of

¹ Sir Henry Campbell-Bannerman.

² Mr. Winston Churchill.

Commons king. Of all the delusions which obsess the minds of hon. gentlemen opposite, there is none more pathetic than that which leads them to the conclusion that the present House of Commons is the idol of the nation. For myself, I believe that the country is watching their proceedings with a mixture of apprehension and contempt, and I am satisfied that thousands of electors voted for hon. gentlemen opposite in the well-founded belief that, having regard to the known prejudices of the Lords, their capacity for mischief would fall far short of their inclinations. Let me add in conclusion that, small numerically as the party is to which I belong, we shall welcome a clear and definite pronouncement that the Government have taken the burden of this great constitutional question on their shoulders, to add to those which already rest there. We shall, in that case, look forward to the future with even greater hope than before the Government embarrassed themselves by the gravest constitutional problem with which the country has been brought face to face for over a hundred years—a problem of which no less than ten members opposite have suggested absolutely distinct and inconsistent solutions.

V.

THE LOCAL OPTION (SCOTLAND) BILL (1907).

April 26, 1907.

[The following speech was delivered in the House of Commons on April 26, 1907, in moving an amendment to the second reading of the Liquor Traffic, Local Option (Scotland) Bill, 1907, which contained provisions conferring on ratepayers in Scotland the right of local control over the sale of intoxicating liquor. It enabled a majority of three-fifths of the voters, at a poll of ratepayers taken upon a requisition of not less than one-tenth of their number, to pass a resolution prohibiting the grant or renewal of licences, and enabled a mere majority to pass a resolution limiting the number of certificates to be issued to three-fourths of the number existing at the date of the poll. Such a resolution was to be in force for at least three years.]

The amendment was to the effect that "This House declines to proceed further with a measure, which, while leaving the right of supplying alcoholic liquor in clubs and dispensaries unrestricted, would deprive brewers, licensees, and the investing public of their property without compensation."

MR. SPEAKER, SIR,—The amendment which I move asks the House to decline to proceed further with a measure which, while leaving the right of supplying alcoholic liquor in clubs and dispensaries unrestricted, will deprive brewers, licensees, and the investing public of their property without compensation. I do not know, though, no doubt, we shall hear in the course of the debate, whether there is

any prospect of the Government starring¹ this Bill. If there is any prospect of their doing so, there is, perhaps, no excuse necessary for one who has no claim to represent Scotland moving an amendment. I may remind the House that an hon. member from the north of England, who spoke in a similar debate two years ago, claimed to take part in the discussion, although an English member, on the ground that, if the principle of local option is applied to Scotland, it must inevitably be extended to England. I cannot help thinking that if that view was well founded and shared to a considerable extent by hon. gentlemen on the opposite side of the House, it is reasonable that English members should not be precluded from expressing their opinions as to this measure. I may also remind the House that the Scottish representatives on the other side have hardly in the past practised the moderation in these matters, which they expect from members of the present Opposition who do not occupy Scottish seats. Hon. members representing Scotland have been by no means backward—I think quite rightly—in expressing their opinions on Licensing Bills, which related exclusively to England. In the division on the Sunday Closing (England) Bill of 1897, two voted against and thirty-six for the measure. I do not think I need pursue that argument.

The seconder of this Bill² pointed out that Scotland in its temperance legislation is already far ahead of England. I agree that there are

¹ *i.e.* giving facilities for its discussion.

² Mr. G. N. Barnes (Glasgow, Blackfriars).

many statutes relating to Scotland, which go further than English licensing legislation. There is provision for Sunday closing, for ten o'clock closing, and for holiday closing; but I draw a rather different inference from the fact that Scotland possesses these exceptional conditions. I do not gather that it is suggested in any quarter of the House that Scotland is to-day more sober than England. Unless that position is advanced, hon. gentlemen are driven to one of two assumptions—either the assumption that the Scottish people are inherently more addicted to drunkenness than the English—a proposition which I should like to hear hon. members commending to their constituents—or the assumption of the entirely inconsistent view, that this exceptional remedial legislation, not yet attempted in England, has produced no satisfactory results in Scotland. The hon. member for the Spen Valley Division,¹ who has considerable claims to be heard from the temperance reform point of view, has indicated a clear and impressive opinion on this very point. Writing in the *National Review* he said—

“Broadly speaking, these improved conditions are in force in Scotland, and intemperance and all the evils of the drinking system abound there.”

I do not think that is very encouraging. When the House is asked to adopt special legislation on the lines of local veto, one is inclined to look to hon. members for guidance as to the principle on which local veto depends, but one discovers that

¹ Sir Thomas Whittaker.

very little assistance is given by those who have spoken either in this House or elsewhere. What is the principle or criterion by which to judge legislation by which local option is to be introduced? Is it trust in the people? The House will see that the last thing which the advocates of this measure do is to trust the people. That is what they neither propose nor tolerate. They will only trust the people within the limits of their own preconceived prejudices. In other words, if the people in a particular district are desirous of additional facilities, it is not proposed by the Bill that they shall be enabled to enforce them. They will not hear of these facilities being given, although they may be necessary and reasonable. Considerable reference has been made to the fact that there are large areas in this country, in which by prohibition imposed by landlords, the trade in alcoholic drinks has been practically suppressed. I should like some evidence—and none up to the present has been forthcoming—that persons who are denied in these districts the opportunity of getting alcoholic refreshment, are in the condition of idyllic enjoyment that they are assumed to be in by those who have referred to them. I entirely decline to believe that the people who live in those districts are satisfied without alcoholic refreshment, any more than members of this House would be satisfied if they could not obtain it. I should like to see any Government, however great its majority, propose that in the smoking-room we should be denied constant opportunities of obtaining it. The most powerful Government of modern times could

not last a week, if that were proposed. As to the instance of the Toxteth Division of Liverpool which has been mentioned, no evidence could be more instantly disposed of by those acquainted with the facts. In the first place, nearly all the houses in the Toxteth Division are rented at £30 a year, and therefore the people living there are almost all able to keep such reasonable refreshments as they require in their own cellars. I could show hon. gentlemen a map indicating the licensed premises in Liverpool, and could demonstrate that some of the largest and most profitable premises in Liverpool are those in the district contiguous to Toxteth. They are doing a wholly fictitious trade by reason of the absence of licensed premises in the Toxteth Division. In other words, the thirsty inhabitants of Toxteth are indulged at the expense of their neighbours, while they continue to adorn the perorations of teetotal speeches. Is there anybody in the whole House, who believes in local option as a complete remedy? I have been at some pains to ascertain, and I say, unhesitatingly, that there is no prominent temperance reformer in this country, who believes that a remedy will be found in local option. The hon. member for Partick,¹ in spite of his present attitude, is a strong and logical opponent of the principle of local option. A representation was made to the Home Secretary on the subject of Sunday closing in England, and the question arose as to whether it could be effected by local option or by some centralised control. The hon. member for Partick was one of the signatories

¹ Mr. R. Balfour.

of the memorial. The impressive argument used by the hon. gentleman was thus stated—

“Local option would be unworkable and impracticable. It would multiply in hundreds of cases the border difficulty. It would create and increase the nuisance and evil of travelling for drink. This would mean an increase in public drunkenness.”

Does the hon. gentleman think that people who would travel for drink on Sunday would not travel on week-days? The memorial continued—

“Referring the matter to the localities would involve needless and unwelcome strife and expense every few years in all parts of the country.”

Surely it is obvious that, if local option is undesirable in connection with Sunday closing, on account of the border difficulty and travelling, prohibition is equally undesirable. It is also worthy of the attention of the House that any measure, which provides as one of its terms for the introduction of absolute prohibition, is open to every objection, which could be urged by the experience of the civilised world to prohibition pure and simple. I think I can satisfy the House that that is a reasonable proposition. It does not matter to the individual who feels that he is denied the facilities to which he is entitled, whether the prohibition proceeds from a centralised authority in London, or a local authority in the town in which he lives. In either case the drought is equally intolerable. What has been the experience of the whole civilised world so far as prohibition is concerned? It is well known that

the attempt to establish prohibition in the United States has been an unqualified and disastrous failure. [An hon. member : No.] I am sure I can satisfy the hon. gentleman that I have not used too strong language. An American committee consisting of 50 distinguished sociologists in a report on this subject said—

“The efforts to enforce prohibition during forty years have had deleterious effects in public respect for courts, judicial procedure, oaths, and law in general, and for officers of the law, legislatures, and public servants.”

The attitude in the United States of every prudent candidate is expressed in the words: “I am in favour of the Maine law, but against its enforcement.” A book has been placed on the table of the House within the last few days, containing most exhaustive consular reports as to the results of prohibition in the United States, and so striking is the conclusion at which the Consuls unanimously arrive, that I make no apology to the House for quoting the following extract—

“At one time or another, seventeen States have had stringent prohibition. It is now only retained by three (agricultural), and in these it cannot be looked upon as a success. Parts of prohibitory States have always been in open rebellion against the law; drinking has never been impossible, the sale of liquor has always been profitable and seldom disreputable. Violation of the law has been open and avowed. In urban districts it has not been possible to find any sound ethical basis for the law or to persuade the majority to regard its violation as immoral. Juries have violated their oaths; judges have

hesitated to impose statutory penalties, blackmail and corruption have been directly instigated, and the law brought into contempt."

Mr. LEIF JONES (Westmoreland, Appleby): Will the hon. member read what the report says about local option in contradistinction to prohibition?

Mr. F. E. SMITH: I hoped I had made it clear to the House that the basis of my argument is that a Local Option Bill, which provides for prohibition, is open to the same objection as prohibition itself. I will deal with the observations particular to local option in a moment. But let me call as a witness an hon. gentleman opposite. The hon. member for the Woodstock Division of Oxfordshire¹ visited the United States last summer, and in an article in the *Nineteenth Century* he has given testimony which every one will greatly value as to the experience of prohibition there. At the hotel where he resided, no representation whatever could procure him any drink (I note in passing that my hon. friend evidently exhausted the arts of entreaty), and after dinner, being desirous of some alcoholic refreshment, he left the hotel to see if he could discover it in the town. In walking through the town, he passed a doorway which somehow suggested alcohol. I may point out to the House that we cannot legislate for exceptional cases, and therefore we can hardly assume that the average man enjoys the highly developed sensibility of my hon. friend. My hon. friend said that he entered a bar and

¹ Mr. E. N. Bennett.

obtained drink—it was only a glass of beer—but half-a-dozen other persons were drinking; and flasks of whisky were freely sold to disreputable persons afterwards. I pause to lament the fall of my hon. friend. A Liberal member! A temperance reformer! A theological lecturer! . . .

“Who but must laugh, if such a man there be?
Who would not weep, if Atticus were he?”

He continued that in an hour's walk he saw four or five other drinking-places and met at least twenty-five drunken men and women. There must have been a hiatus in my hon. friend's narrative, for he went on to state that he next visited the police station. That was a somewhat ambiguous phrase; but let it pass. There he saw six “drunks,” who had just been brought in. I think that the House will admit that, so far as prohibition itself is concerned, the whole of the case can be destroyed by contemporary experience, and that no reasonable temperance reformer will say that prohibition has been anything but a disastrous failure when applied to States containing large urban populations.

Let me say a word as to the machinery of the Bill. Prohibition depends upon the parish election register, *i.e.* the county council or municipal electors. But that will exclude the household franchise electors, the occupancy voters, the service voters, and the lodger voters. Now, prohibition can be carried by three-fifths of the votes polled; but the voters constitute only one-twelfth of the population; and assuming that a third vote

in a large population, three-fifths of a third of a twelfth, that is one-sixtieth of the population might carry prohibition, and one-seventy-second of the population might carry limitation of public-houses in the town or district. I am reminded that in a consular report for 1907 it was stated that in Waterville, New Hampshire, one elector turned up and unanimously carried the cause of prohibition! It is said that local option might succeed, when prohibition failed. I think that that is illogical. Let us take the case of New Zealand. In 1881, Sir William Fox's Act for local option was passed, and, in 1893, the Alcoholic Liquors Sale Control Act was passed. There were elections in 1902 and 1905, but no progress has been made. On the other hand, there has been a very considerable retrogression. In 1905, there were six districts in which there was no licence. The reductions have declined from nine to four, and there has been a significant growth of prosecutions for illicit drinking. In 1871, these amounted to 71, whereas, in 1904, they had increased to 216. In regard to Canada, the author of an article in the *Daily News* said that in Canada legislation has got ahead of public opinion on the temperance question.

"The law in most of the provinces is so stringent that it is generally disregarded, not openly, but with a pretence of disguise."

And the very respectable paper, the *Christian Guardian* of Canada, said—

"It was easier to secure the Scott Act in the counties than to secure its enforcement and permanence."

Even the hon. member for Spen Valley,¹ who holds strong views on this question, has said that—

“Experience of the United States and Canada, whose temperance opinion was more general and advanced than here, showed that in the country districts the power was widely used, and that in towns the power was comparatively little used, and where used was laxly and with difficulty enforced.”

The most serious difficulty of all is in regard to clubs. I have carefully read Section 81 of the Scottish Licensing Act of 1903. I admit that the regulations under that Act in regard to clubs are a little more close than those in force in England; but that does not prevent them being formed. And what is the result? Every single advance that is made in favour of temperance is lost by the growth of those clubs. [Cries of “No, no.”] Hon. gentlemen do not agree, but I do not think that anybody in the House who has considered the matter will deny that in the large towns in Scotland clubs have rapidly increased in number during the last few years. [An hon. member on the Ministerial Benches: They have been killed.] The hon. member does not agree, but I do not think that any one in the House from Scotland who has considered the reports of the chief constables will deny that clubs have very rapidly increased in number within the last few years. So far as England is concerned, in 1887 there were 1982 clubs, whereas, on the 1st January 1906 there were 6721 registered clubs—an increase of 132 during 1905, and of

¹ Sir Thomas Whittaker.

350 since 1903, and of nearly 5000 since 1887, say, of 4000, making allowance for any underestimate of the number existing prior to the commencement of registration in 1903. This great increase was co-extensive in point of time with the practice of closing public-houses, on the ground that they were not required. Yet the club enjoys just those privileges, which have been withdrawn from public-houses in the interests of temperance. Members of clubs, for example, can buy drinks in them at any hour of the day or night, on week-days and Sundays alike. Into clubs the police have no more right of entry, than they have into private houses, and persons may get as drunk in them as they choose, unless some one lodges a complaint, under the Act of 1902, "that there is frequent drunkenness on the club premises"—and such complaints are not in practice often made. Again, clubs do not contribute, as do licensed houses, to the revenue; there are no licence duties payable in respect of them. They are rated, too, as ordinary dwelling-houses, whereas the assessment of public-houses is made specially high, because of the liquors sold in them. Clubs may have entertainments—musical, dramatic, and dancing; a public-house, unless it has a special licence (which is generally refused), may not. Games of cards for money are permissible in clubs, but not in public-houses. Clubs are built and furnished as their proprietors think proper, and may consist of unsanitary dens; public-houses have to comply with the exacting requirements of the licensing magistrates. This is why clubs increase, as public-houses decrease; and it is a fact

that, in places where a licence is withdrawn, or, in a new district, is not granted, or where severe restrictions are imposed as a condition of the grant, clubs are being formed to take the place of public-houses. And clubs are responsible for a large part of the existing drunkenness. The chief constable of Manchester a few weeks ago said, "Last year, in Manchester alone, 1375 persons were arrested for drunkenness. The publicans of Manchester were not to blame for it. Drink must have been obtained at clubs or private houses, and I do not think there was much drinking done at private houses after twelve o'clock at night." It is not surprising that the chairman of the Leeds Bench should have said in a speech made last February, that "he was frequently asked what was the good of closing public-houses and paying compensation for them, if thereby the formation of clubs in the same locality was encouraged."

It may be asked whether the objections which we urge to this Bill are purely destructive, or, in other words, whether we have any suggestion to make for the purpose of dealing with drunkenness in Scotland. I would point out that one vital difficulty in dealing with the proposals in the present Bill, is the complete insecurity that is given to the licensed victuallers in Scotland. It is of the first importance that these should be of good character and respectability; and, if that be so, is it not clear that every single element of precariousness added to their position renders it more difficult to obtain such a respectable class of men as licensees? I will take a concrete case. Let us suppose that in

Glasgow, by a three-fifths majority, licences are refused to the present licensed victuallers, and that, after three years' experience, another poll is taken by which it is decided that the licences are to be restored. There is no provision that the men who lost their living by having their licences cancelled by the previous poll, would receive new licences. Can there be any more retrograde step than that? I say without hesitation that the only way of dealing with such a case in Scotland is to introduce legislation analogous to the legislation for England introduced in 1904. [Ironical cheers.] I know that that proposal will be treated as preposterous by certain hon. members from Scotland. It is always difficult to discover where the Liberal party stands on this question of compensation; but Mr. Gladstone said over and over again that, if you interfere with them, the licence-holders ought to have compensation. It is curious to realise that the authority of Mr. Gladstone is now seldom quoted in this House except on the Opposition Benches and amid Ministerial dissent, but what did Mr. Gladstone say?—

“If Parliament should think it wise to introduce any radical change in the working of the liquor laws, in such a way as to break down the fair expectations of persons which have grown up—whether rightly or wrongly, it is not their fault; it is our fault—their fair claim to compensation ought to be considered by the liberality of Parliament.”

I, and those whom I represent, confine ourselves to the modest aspiration that those interested in licences should not be precluded from assisting

each other by a statutory system of mutual insurance. I am strongly of opinion that in many places in Scotland to-day the number of licensed houses is far in excess of the wants of the population. For instance, in the county of Kinross there is a public-house for every 202 of the population; and in Auchtermuchty there is a public-house for every 60 of the population. Of course, that excess could have been, but it has not been, dealt with under the existing powers by the licensing magistrates. But what is taking place in England? In 1905, 519 men were refused a renewal of their licences on the ground that they were not required. In 1906, 1575 were refused a renewal of their licences on the same ground; and the reason given was that compensation would be given to them. Is not that a valuable step in the progress of reform? But what progress is made in Scotland? In the same year 46 licences were taken away. You will never get a Scottish bench to reduce the number of licences, so long as the holders are exposed to the great injustice of losing their livelihood. When we are told that the introduction of such legislation in Scotland would endow the brewers, I would point out that in England it is notorious that, if twenty of the largest brewers in this country are taken, it will be found that they have subscribed more to the compensation fund that has already been established, than they have gained from it by the extinction of licences; that the Act has not only taken money from the brewers, but has, at the same time, done an immense amount of good for temperance, if

indeed it be true that temperance is forwarded by a reduction in number of the premises where alcoholic drinks are supplied. It is a mere matter of arithmetic that this must always be so. Every penny of compensation paid out to dispossessed licence-owners has previously been subscribed by them or their fellows; but more is subscribed than is paid out in compensation, because the cost of administration of the compensation arrangements by the State is defrayed out of the fund subscribed by the brewers and publicans. Therefore, what the owners receive, is what they have themselves paid in, less the charges incurred by the authorities in the work of closing the houses, and administering the compensation fund. And, further, the owners of licences have, in addition, to pay their own costs—of lawyers and valuers, and so forth—which they incur in the presentment of their case before the compensation authorities. These observations encourage me to suggest that, unless magistrates in Scotland are enabled to curtail the number of licensed premises without causing hardship to individuals, you will never procure any considerable reduction in the number of public-houses in Scotland. I would recommend to Scotch members, who believe in such reduction as a remedy for intemperance, to consider dispassionately the merits of the English system, and then decide, as they must, whether they prefer the English system and reduction, or the Scotch system and no reduction.

Let me further recommend to hon. gentlemen opposite that they should extend to the judgment of their neighbour's affairs the same standard of

conduct which they apply to their own. I have exchanged many cheerful glasses with hon. gentlemen on the other side who are now wearing an unnaturally austere expression, and I would suggest to them that it is unwise for any great party to yield to the temptation of trying to effect moral reforms at the pecuniary charges of other people. I appeal to the House to resist the temptation of laying up for themselves treasure in heaven by the inexpensive method of confiscating other people's treasure on earth. In the belief that that, and that alone, will be the effect of this Bill, that it will not advance the cause of temperance reform, but will work great injustice and injure a large number of reputable and respectable citizens, I beg to move the amendment which stands in my name.

VI.

SIR HENRY CAMPBELL-BANNERMAN'S HOUSE OF LORDS RESOLUTION.

June 26, 1907.

[On June 24, 1907, Sir Henry Campbell-Bannerman moved the following resolution in the House of Commons: "That in order to give effect to the will of the people as expressed by their elected representatives, it is necessary that the power of the other House to alter or reject Bills passed by this House should be so restricted by law as to secure that within the limits of a single Parliament the final decision of the Commons shall prevail." He outlined a plan designed to achieve this result, and expressed the Government's intention to embody it in a statute, but added "that the Government will exercise their own discretion as to when that Bill will be introduced." The omission to indicate the probable date of the introduction of this Bill gave rise to comment, inasmuch as the matter had been deemed to be of such importance as to be given a place in the forefront of the King's Speech, and was described by the Prime Minister as "the greatest issue with which the country could deal." The plan was as follows: If a Bill were sent up to the House of Lords and rejected, a conference—of small dimensions—would be held between an equal number of members of each House. Should the conference be unproductive, the Bill, or another like it, would be re-introduced in the House of Commons after a "substantial interval," by which the Prime Minister indicated that he meant a minimum of six months. It would be passed through the House of Commons under closure, and again sent up to the House of Lords. If the House of Lords were still of the same opinion, another conference would be held. Should that also prove abortive, the Bill would be re-introduced in the House of Commons, passed swiftly

through all its stages in that House in the form last agreed to, and sent to the House of Lords, with an intimation that, unless they passed it in that form, it would be passed over their heads. Then there would be another conference, and a further attempt to agree. In the absence of such agreement, the Bill would become law without the assent of the House of Lords. The result of such a plan, it was contended, would be to enable a majority in the House of Commons to pass any measure without the possibility of an appeal to the country. An amendment to this resolution was moved on behalf of the Labour party by Mr. Arthur Henderson in the following terms: "The Upper House, being an irresponsible part of the Legislature, and of necessity representative only of interests opposed to the general well-being, is a hindrance to national progress, and ought to be abolished." The following speech was delivered on June 26, in the course of the debate upon the resolution and the amendment.]

MR. SPEAKER, SIR,—The right hon. gentleman¹ has delivered a speech which was throughout impressive and in many passages eloquent, and which certainly was in refreshing contrast to many of his utterances in the country. He has, moreover, had the privilege of making himself the mouthpiece of a statement possessing some slight historical interest. Apparently, he has been authorised to inform the House on behalf of his colleagues that they have changed their opinion. He has, it would seem, been requested to inform the House, on behalf of the members of that section of the Cabinet, who are commonly described as belonging to the Liberal League, that they have changed their views on the subject of the justice or injustice of the war.² As I understood it, the statement of the right hon. gentleman is of interest, because he

¹ Mr. Lloyd-George.

² See note on page 4.

implied that in consequence of "false statements" made to them, or "inaccurate statements" I ought perhaps to say, inasmuch as they were made by members of this House, they have now changed their view. Does the right hon. gentleman represent to the House that he has been authorised, on behalf of his colleagues who previously said that the war was just, to proclaim publicly now that it was unjust? Let him at least, out of consideration for the Attorney-General¹ who sits near him, and who was a frequent and welcome guest at the celebrations over which Lord Rosebery presided with moribund influence, say whether that is so or not. The Attorney-General¹ told the country in explicit language, which I will quote if necessary, that the war was necessary. Will the President of the Board of Trade² tell us whether the Attorney-General or the Chancellor of the Exchequer³ authorised him to come forward in the House of Commons and say that they have now discovered that this war was not a just and necessary war? I notice that next to the right hon. gentleman is the Chancellor of the Duchy of Lancaster.⁴ He spoke in eloquent language which will long live in the memory of those who sit on this side of the House, because he spoke at a time when support from hon. and right hon. gentlemen who now sit on the benches opposite was welcome—and he also said that the war was just. Will the President of the Board of Trade² put it that the right hon. gentleman⁴ was misled by false statements? Has

¹ Sir John Lawson Walton.

³ Mr. Asquith.

² Mr. Lloyd-George.

⁴ Sir Henry Fowler.

he changed his mind? If he has not changed his mind, will he get up in this House, and say that he and his colleagues still hold the same opinion, and that the President of the Board of Trade¹ has inaccurately claimed to speak for them in this House?

Now I pass with pleasure from the subject on which I was led to embark by the argument imported into this debate by the right hon. gentleman.¹ He informed the House with eloquence, and in tones which quivered with emotion, of the suffering of those people who live in slums, and his remarks were received with generous warmth on that side of the House. What kind of prelude is that to a constitutional agitation which will convulse this House for ten years, and make social reform difficult, if not impossible? Some, indeed, of those who are supporting the Government take an even more gloomy view of the situation. According to the Attorney-General,² who loses, perhaps, a little of his habitual phlegm, when he forsakes legal problems for the consideration of affairs, the road to the changes which you so ardently desire, lies only through the red gate of revolution. [No, no.] Is not that what the Attorney-General has told us? Are you going to establish a revolution, even when reporters are not present, without a long postponement of your schemes for social reform?

We were told by the right hon. gentleman¹ in the speech just concluded that the House of Lords destroyed the school boards. The statement was

¹ Mr. Lloyd-George.

² Sir John Lawson Walton had recently made this statement in a speech which he subsequently explained was delivered in the belief that reporters were not present.

received with great cheers on that side of the House. I make one observation on that. The right hon. gentleman has not even considered the tenor and the effect of the Prime Minister's resolution. It was not the House of Lords who destroyed the school boards; it was the voice of the people. [Laughter.] Is that statement received with incredulity? [An hon. member: Yes.] Is it not amazing that persons can be found to vote for resolutions, which they are intellectually incapable of understanding? An hon. member says with great warmth that they were not destroyed by the people. That is not my position. It is, however, inexorably involved in your resolution. "In order to give effect to the will of the people, it is necessary that the opinion of the House of Commons shall be by law established in one session of Parliament." Even a Conservative House of Commons is a House of Commons, and if your criterion of the representation of the people and of their final mandate is right, the House of Commons, which decided that it would destroy the school boards, was just as entitled to claim to represent the people of this country, as a House of Commons like the present, which would, possibly, if it could, recreate them. Then we are told, in the same way, that there was confiscation by the House of Lords of the reversionary property in public-houses. I should like to make the observation that, just in the same way as school boards were abolished, so have licences, for good or bad, been dealt with by the House of Commons, and not by the House of Lords.

Suppose, to make my illustration clear, that this resolution had been fully operative during the lifetime of my right hon. friend's¹ government. Supposing that during those years the function of the second Chamber had been, as you would make it, consultative, how would that have saved school boards? How would it have defeated the Licensing Act? It would not have touched the one or the other in the remotest degree. Both the Education Bill and the Licensing Bill were conceived and passed through all their stages in the House of Commons, which the right hon. gentleman² is anxious to make supreme in the Constitution. Mr. Speaker, the truth is that hon. gentlemen opposite do not desire to abolish the House of Lords when it opposes the people (which would be easy); they desire to abolish the people of England when they oppose the Liberal party—an undertaking under democratic conditions of far greater difficulty. I am not arguing whether there ought to have been a revising Chamber of such a character, as might have interfered with either or both of these proposals. That is not the controversy at present, because you are not proposing to establish such a revising Chamber. You are proposing to say that, no matter which party is in a majority in the House of Commons, the decision of the House shall be taken at all times, and on all measures, as representing the voice of the people.

Many of us have for some time wondered what was the reason why the President of the Board of Trade² has thrown himself with so great warmth

¹ Mr. Balfour.

² Mr. Lloyd-George.

into this constitutional question. Representing a constituency very near to Wales, I am not without opportunity of forming an opinion as to complaints with regard to the position of the right hon. gentleman on other questions which may have led to this new enthusiasm for a prolonged constitutional dispute. I notice that the right hon. gentleman has taken the opportunity of allaying some of the suspicions of the faithful. Inquiry has been recently made as to when the long-looked-for Pisgah—Welsh Disestablishment—was to be reached, and the right hon. gentleman wrote a letter in reply in which he said—

“You ask me whether, if this Parliament runs its normal course, it is the intention of the Government to press a measure for the disestablishment and disendowment of the Church in Wales through all stages in the House of Commons. To this I can give an unqualified answer in the affirmative. Over the probable action of the Lords when the Bill is sent up—or, shall I say, down?—to that Chamber, the Cabinet have, unfortunately, no control. As to your second question, whether in the event of an appeal to the country being precipitated owing to the action of the Lords, Welsh Disestablishment will hold a prominent position in the official programme upon which the decision of the constituencies will be taken. Of course, in that contingency, all questions must necessarily be subordinated to the one great issue of whether the Peers or the people are to govern the land. But Welsh disestablishment will undoubtedly stand in the forefront amongst the matters which Parliament, under the new conditions which I hope to see established as a result of the conflict, will be called upon to deal with. I have just seen the Prime Minister, and he fully sanctions the above as an accurate interpreta-

tion of his views and intentions. Unity now on the eve of the great battle against the grand foe of liberty, Non-conformity, and Wales—the House of Lords.”

What is the privileged position which this overdue promissory note holds at the present moment? It is that after the Government has dealt with licensing, the land system, and a new Education Bill, a Bill for the disestablishment of the Church in Wales may be brought in; but is it not possible that the zeal and enthusiasm which the right hon. gentleman has thrown into the campaign against the House of Lords are, to some extent, due to a desire to escape the effect of his promises to the electors of Wales? The right hon. gentleman was the leader of the Liberal revolt in Wales, and it is not surprising that those who were led by him into acts of lawlessness, from which he himself abstained, the men who thought that they were to receive through him the measure on which they had fixed their heart should quote the case of the tyrant of ancient history, of whom it is written that his policy secured for his followers the gaol, and for himself the throne. The right hon. gentleman, consistent even in details, has bought his countrymen in the cheapest market, and sold them in the dearest.

We were told in the brilliant but rancorous speech of the Under-Secretary for the Colonies¹ of the many respects in which the House of Lords to-day has ceased to be entitled to the respect and admiration of his countrymen. The right hon. gentleman repeated that charge with so much variety and richness of invective that we might ask him, Are these

¹ Mr. Winston Churchill.

the men to whom the Government are prepared in the future to continue to entrust the functions which the Prime Minister has told us are so responsible and so important? We were told by him that the House of Lords will still have functions to discharge, which are of the greatest possible use; but at the same time he told us, in a spontaneous sentence, that the House of Lords is one-sided, hereditary, unpurged, unrepresentative, irresponsible, absentee. [Ministerial cheers.] Let that be cheered from below the gangway on both sides of the House. Every man is entitled to cheer that statement who has come into the open with an honest proposition that the House of Lords ought to be abolished. No man is entitled to cheer that statement, or to make it, who is going, in the centuries which are in front of us, to commit to an assembly so constituted, what the Prime Minister describes as important and responsible functions. The right hon. gentleman the President of the Board of Trade¹ told us that Nonconformity is not represented in the House of Lords; and that the House of Lords has plundered the country. Then end them. That is what you cannot persuade your Government to do.

This incessant conflict between principle and practice is due to the vitiating influence of the Liberal League in the Cabinet. As they destroyed the Irish Council Bill, as they destroyed the Education Bill, by emasculating both Bills of every feature which might conciliate those extremists on whose driving power they ultimately depend, so they are equally destroying the proposals for

¹ Mr. Lloyd-George.

correcting the House of Lords. The proposals made by the Labour party below the gangway are, in my humble judgment, shallow, ill-considered, and unpopular, but they are at least logical, coherent, and consistent. What excites derision, and what Ministerialists, if they were men, would resent, is that moderating tendency, which in the smoking-room is so loudly denounced, without that denunciation being reflected in the division lobby. The Under-Secretary for the Colonies¹ referred to the rejection of the Education Bill as an incitement to violence by the House of Lords. What are we to say in adequate praise of the moderation of the men of Lancashire² in restraining the riotous impulses surging upon them in consequence of that rejection? Is there any language which can do justice to the men of Liverpool, Manchester, Preston, and St. Helen's, who, smarting under the sense of wrong occasioned by the destruction of that Bill, have nevertheless behaved in such a way that time after time in the lobbies they have compelled the nominal followers of the Government to vote with the Opposition in their efforts to destroy that Bill? The Under-Secretary for the Colonies is extremely versatile in dealing with this and other questions. He bears, like so many of his colleagues, an open mind, and can trim his sail to any breeze that blows. Let me quote, not from an old speech, but from an article by him in the recent columns of a periodical.

¹ Mr. Winston Churchill.

² The Bill roused furious opposition in Lancashire. Demonstrations to protest against it were held in all parts of the country. In particular, there was a procession of Lancashire men through London, followed by an impressive demonstration in the Albert Hall.

Let us pause for a moment to notice the hard fate, which compels the right hon. gentleman, when he wishes to press his views on the Cabinet, to select the medium of a newspaper, having had the misfortune to see colleague after colleague, far inferior to himself in the arts of swashbuckling, pass over his body into the Cabinet. It throws some reflection upon the indignation with which Manchester¹ is seething at the loss of the Education Bill. What is the scheme which the right hon. gentleman, only a few weeks ago, commended in the columns of the *Nation*? We do not ask for permanency from you, or constancy from Ministers, but we might have some degree of consistency as the fleeting weeks pass. For three weeks a man might hold the same view. Did the right hon. gentleman think, at the time he contributed that article to the *Nation*, that the best method of dealing with the House of Lords was to hold occasional sterile conferences with them? On the contrary, the right hon. gentleman then thought that Privy Councillors, as well as Peers, should be made capable of exercising the full legislative privileges of the Second Chamber, as they exist to-day. The Crown, said he, should summon not less than a hundred, nor more than 250 such persons for each Parliament. Writs of summons would issue from the Crown on the advice of Ministers; these might be declined, and persons declining might sit in the Commons. Peers or Privy Councillors, who have held Ministerial office, should receive *ex-officio*

¹ Mr. Churchill at this time sat for a Manchester constituency, a seat which he afterwards lost at a bye-election.

writs. -Is that still the right hon. gentleman's view?

THE UNDER-SECRETARY OF STATE FOR THE COLONIES (Mr. Churchill, Manchester, N.W.): The hon. member will understand that I was only recommending one way, which I deemed a smooth way, of dealing with the House of Lords. There may be other methods less smooth.

Mr. F. E. SMITH: I find it difficult to believe that the Under-Secretary of State for the Colonies has so much leisure, that it is his habit to put forward in the Press smooth proposals, which he is not prepared or wishful to see carried into law. Surely the right hon. gentleman will not suggest that, at the time he wrote that article, he did not think that that was the most convenient method of dealing with the House of Lords? It is sufficient to point out that it is a method to which he gave his name, but it is not the method on behalf of which he spoke last night. The right hon. gentleman, in another place, has observed that there are more ways of killing cats than by choking them with cream. I may be allowed to add that there are more ways of addling a political egg, than by giving it to an Under-Secretary to sit upon. I do not gather that there is any serious dissent from the view that, in essentials, though not in form, it is not possible to distinguish the proposal put forward by the Government from the proposal put forward by hon. members below the gangway¹ for ending the House of Lords altogether. I do not suppose that any one can seriously contend that the solemn mummery of three confer-

¹ The Labour party.

ences is likely to keep the House of Lords as an effective and permanent part of the Constitution.

Let me test the value of these conferences by a question. Is there a single member of the House who would say that, had conferences been held on the last Education Bill, and had the Government been able to say to the House of Lords, "You shall take this Bill without a line changed," they would not have said it? If that is a fact as regards measures of first-class importance, what is the use of suggesting that the House of Lords would have the power to alter by a conference Bills on which the House of Commons felt strongly? At such conferences, I suppose the Under-Secretary of State for the Colonies,¹ and the President of the Board of Trade² might easily—for in these days political rises are rapid—be two of the representatives of the Commons; and conciliatory representatives they would be. The Under-Secretary of State for the Colonies would begin with a pleasant reference to the particular artificial methods by which the House of Lords representative might deal with his defective eyesight;³ the President of the Board of Trade would suggest with polished levity that it was time that the House of Lords was committed to the scrap-heap.⁴ Does the hon. member seriously believe that men of first-class political ability, as

¹ Mr. Winston Churchill.

² Mr. Lloyd-George.

³ Mr. Churchill had recently made a speech in the country—much criticised in point of taste—in which he made allusion to the fact that Mr. Austen Chamberlain is in the habit of wearing an eye-glass.

⁴ Mr. Lloyd-George had recently made a speech stating that the House of Lords was only fit for the scrap-heap.

88 HOUSE OF LORDS RESOLUTION.

many members of the House of Lords are, will be content to make themselves parties to a political farce of this kind? They are condemned to perpetual sterility as far as membership of this House is concerned, and they are, it is suggested, to be powerless in their own Chamber. Take Lord Lansdowne, or Lord Crewe, or any other able representative of the House of Lords: is it to be the measure of the services they are to render to the State, that they are to be unwilling and powerless members of a conference, which is to receive and register on three separate occasions the decisions of the House of Commons? The proposal is an idle one.

At the end of the third conference, we are told, the Bill is to be passed over the head of the House of Lords. This is, I suppose, "The way that must be found, and shall be found;" but, speaking for myself, if I were a member of the House of Lords, I would never accept such a Bill—never, never. And by what means, may I ask, and through the medium of how many elections, do you propose to obtain the necessary mandate from the people of England to carry through these reforms? Is there any one so simple as to suppose that you will ever obtain so tremendous a mandate, unless you invite an election upon this issue, and upon this issue alone? You may, no doubt, if you choose, have one general election upon the subject combined with other topics—I suppose, Welsh disestablishment, to keep faithful Wales sound on the question of the House of Lords, and land proposals, in order that the predatory classes generally may take sensible views of the question. I can readily believe that every one of the measures,

which the Government are going to bring forward, will be put to the country, in the hope that by accumulating every cause out of which you may draw some discreditable dregs of popularity, you may be able to strengthen and add weight to the campaign against the House of Lords. Do you suppose that if you were members of the House of Lords, and the Government of the day came, after an election held under these circumstances, and said, "Here is our mandate to end you"—do you suppose that there is a man of spirit who would not send it back? If I were a member of the House of Lords I would send the Bill back, and, to be perfectly frank with the House, I would continue to do so, until I thought my personal safety was in danger. The total destruction of the House of Lords would be better than its fall under the proposal before the House, for then, at any rate, its members could sit in the House of Commons. So members of the House of Lords will be absolutely better off if they fight, and still fight to the bitter end, even if this preposterous proposal succeeds, than they will be if they acquiesce in it. Supposing the Liberal party come back and ask the House to pass the Bill, there will be three or four more years of convulsion. What in the meantime is to happen to the right hon. gentleman's¹ slums; what is to become of the quaver in his voice? Will you deliberately squander eight useful years that might be used for the purpose of dealing with unemployment and many other pressing problems of social reform? These schemes were never honestly put forward, and to-day they are indefinitely

¹ Mr. Lloyd-George.

postponed, in order that the Liberal party may carry forward this spurious constitutional strife. Desert, if you choose, your schemes for social reform. Dissipate, if you will, in your great majority, the most powerful instrument for good ever given to the Government of this country by the people of this country. For myself, I place on record my conviction that in the decade of convulsion which the Government invites, the Liberal party will find its permanent sepulchre.

VII.

THE EDALJI CASE.

July 18, 1907.

[In 1903, a series of outrages upon horses and cattle were committed in the neighbourhood of Great Wyrley, in Staffordshire. The police were completely baffled, and for some months were unable to effect an arrest. On August 18, George Edalji, a young solicitor, son of the vicar of Great Wyrley, was arrested and subsequently committed for trial to the Staffordshire Quarter Sessions on the charge of wounding a horse on the night of August 17 or the morning of August 18. His trial commenced on October 20, and lasted four days. During the course of the proceedings the prosecution changed the case to be presented to the jury in two important respects. In the first place, they started with the theory that he committed the outrage on the evening of August 17, during the time that he was admittedly out of doors, viz. from 8 till 9.30. The case ultimately left to the jury was that, though he did not return to his home until 9.30 on the evening of the 17th, and left it again before 7.45 on the following morning to go to his office at Birmingham, he got up between those hours, went out, and committed the outrage between 2 and 3 o'clock in the morning. In the second place, the case originally put forward was that all the outrages were committed by the same person, but, as an outrage was committed while Edalji was in prison awaiting trial, it became necessary for the prosecution to submit to the jury that they were the work of a gang. Simultaneously with the commission of the outrages, a number of anonymous letters had been received by the police, and the prosecution suggested that these letters were written by Edalji, though several of them accused him of committing the outrages. The jury apparently took the view that he did write them, and

this appears to have influenced them in finding him guilty of the offence with which he was charged. He was sentenced to seven years' penal servitude. Numerous petitions were addressed to the Home Secretary on his behalf, and on October 6, 1905 Mr. Akers-Douglas reduced the sentence to one of three years' penal servitude. During 1906, the case was thoroughly investigated by several independent persons, notably Mr. Labouchere and Sir Arthur Conan Doyle. In February 1907, Mr. Herbert Gladstone appointed a committee, consisting of Sir Arthur Wilson, Mr. J. L. Wharton, and Sir Albert de Rutzen, to inquire into the case. They found that the conviction ought not to have taken place, but that, being unable to disagree with what they took to be the finding of the jury that Edalji was the writer of the letters of 1903, they considered that, assuming him to be an innocent man, he had to some extent brought his troubles upon himself. They regarded the case as an exceptional one, but considered that the view they had taken of it would not warrant the Home Office in interfering with the conviction, having regard to the principles acted upon by that Office in such cases. After consideration of the committee's report, Mr. Herbert Gladstone decided to advise His Majesty to grant a free pardon to Edalji, but refused to grant him any compensation.

The following speech was delivered in the House of Commons on July 18, 1907, in the course of the discussion of the Home Office vote in Committee.]

MR. EMMOTT, SIR,—I wish to direct attention to an entirely different subject; but one which has been repeatedly discussed by question and answer across the floor of the House. I refer, as the Committee is probably aware, to what has become known as the Edalji case. If one were to attempt to explain the whole of the case adequately, it would certainly take at least two days to do it; and I shall devote myself, not to that object, but to the modest object of convincing the Committee that there is a *primâ facie* case that, even in regard to the reparation

which the Home Office has recently made, there has been a very grave miscarriage of justice on the findings of the Committee which the right hon. gentleman¹ himself appointed. It is in no sense a party question, for if there is any reflection at all upon the Home Office, that reflection, at least to some extent, attaches to the office in the days when it was presided over by my right hon. friend.² I mention this to show that there is no hope and no intention of making party capital out of the question. The only charge against the Home Office, as an office, is against the practice which has been adopted for many years of not interfering with sentences unless some fresh evidence presents itself. That being their principle, it is clear that the Home Office under the presidency neither of the right hon. gentleman nor of his predecessor, could give very great relief in such a case as the Edalji case. When the Criminal Appeal Bill was under discussion, the right hon. gentleman spoke with contempt of newspaper commissioners.

Mr. GLADSTONE: Not with contempt.

Mr. F. E. SMITH: I thought that that was the tenor of the right hon. gentleman's observations. The only comment I have to make with regard to that is that the reparation which has already been made—first, the admission that Edalji was entitled to have a grossly excessive sentence of seven years reduced to three years, and, secondly, that there exist adequate reasons for giving him a free pardon—was brought about by the agitation which

¹ Mr. Herbert Gladstone (Home Secretary).

² Mr. Akers-Douglas (Home Secretary, 1902-1905).

took place in the newspaper press, and in which Mr. Labouchere and Sir Arthur Conan Doyle were conspicuous and disinterested figures. I have no right whatever to claim any of the credit for exculpating Edalji, or for the reduction of the sentence which my right hon. friend¹ thought was just. The credit belongs to Mr. Labouchere and Sir Arthur Doyle, and I had no share in it.

Passing from the subject of newspapers, let me ask the House to consider what were the circumstances under which the only charge which still survives—the charge of having written certain anonymous letters—first came to be made. The Rev. S. Edalji, who twenty-seven years ago became vicar of Great Wyrley, and who is the father of Mr. George Edalji, is a Parsee by origin, occupying the anomalous position of a clergyman in the Church of England, and unlikely to be much in sympathy with a provincial community. The Rev. S. Edalji, Mrs. Edalji, and Miss Edalji were witnesses against whose credibility no one has ever made any allegation. The family, however, for a considerable number of years past, had bitter, powerful, and rancorous enemies in the parish in which they lived. The material circumstances in connection with these anonymous letters are that from 1892 to 1896 a series of anonymous letters was addressed to Mr. Edalji, the father—letters which were couched in an extraordinary vein, and which presented many points of analogy to the letters of a later date of which the right hon. gentleman² still says that Edalji was the author. It is impossible to form a judgment

¹ Mr. Akers-Douglas.

² Mr. Herbert Gladstone.

on the later anonymous letters without forming a judgment on the letters which preceded them. The first step, in fact, which the Committee must grasp is that the first letters bore great marks of resemblance to the later ones; that they were, on the face of them, the work of a man determined to injure the younger Edalji, and disclosed every symptom of a disordered mind. The first letters were in the handwriting of an adult, and were written when George Edalji was sixteen or seventeen years of age. They were written to the father. One of them read as follows :—

“MY DEAR SHAPARJE,—I have great pleasure in informing you that it is now our intention to renew the persecution of the Vicar of Great Wyrley . . . revenge, revenge on you. . . . I have to-day posted in your name postcards of a most hellish nature . . . you are sure to be arrested.—Yours in Satan.”

On 17th March 1892 the following letter was received :—

“I swear by God that I will murder George Edalji and F. B. soon; the only thing I care about in this world is revenge, revenge, sweet revenge, then I shall be happy, yes happy, in hell, in hell, in hell. . . . Now I seldom bet, but I will bet this time that your kid and F. B. will before the end of this year be either in the graveyard or disgraced for life. . . . I do not think Hell is such a bad place after all and I long, yes I long, to be there rolling in the flames of Hell-fire that shall never be quenched . . . never, never, never. I know that I am lost, oh, oh, oh, Christ, Christ, Christ help me! Oh, I am lost, God have mercy, Christ help. Every day, every hour, my hatred is growing against George Edalji and F. B. If I could get into an empty railway compartment with them I would do for them both.”

I do not think any one acquainted with the psychology of crime would say that the author of those letters was George Edalji, aged seventeen, and of unimpeached sanity. About this time advertisements of a scurrilous character reflecting upon the family were inserted in the papers, which were extremely annoying to the Rev. S. Edalji. From 1892 to 1896 this first series of anonymous letters continued, but none were received from 1896 to 1903. There was complete silence during that period. The man who wrote the letters may have been in gaol or in a lunatic asylum, or may have changed his home.

I ask the Committee to form a picture of what George Edalji was in 1903. In the first place, he was aged twenty-eight years, a man of studious habits, who had left the Rugeley grammar school with a good character from every teacher, and proceeded to the Mason College at Birmingham to study law. He left that college without a single testimonial which was not honourable to him. He gained prizes and scholarships, and at the age of twenty-eight he produced a book upon railway law which bore every evidence both of industry and capacity. No charge whatever had been brought against him; on the contrary, he had received testimonials as to moral character from every man who had had opportunities of judging him from day to day observation. The only circumstance which had been or could be alleged against him was that at the age of twenty-eight he was in pecuniary difficulties—a not uncommon circumstance in the case of men of his position in life qualifying for an expensive profession.

In February, 1903, horrible cattle-maiming began in the neighbourhood in which he resided. Then there commenced a second list of anonymous letters, addressed this time to the police. The suggested authorship of the second series of anonymous letters is the only justification for the stigma which the right hon. gentleman¹ continues to impose on this unfortunate man. [Some cries of "Oh."] The right hon. gentleman's own Committee has found that, at the time these outrages took place, the police in the district were universally discredited, because of their failure to discover the offender. The Committee said: "The police were extremely anxious to bring the offender to justice, having been baffled on every side." The right hon. gentleman says that he will not clear the character of this man or give him compensation, because he thinks some tribunal may find that he has written these letters. I invite hon. members to read the first of these letters. It was written to the police in March 1903.

"I know all about horses and beasts, and how to catch them best. I had never done none before till these two horses near the line at Wyrley. . . . I caught them both lying down at ten to three and they roused up and I caught them each under the belly, but they didn't spurt much blood. . . . I know all the Edaljis. It is not true we always do it when moon young, and the one Edalji killed on 11th April was full moon night."

The second letter, on which the expert, Mr. Gurrin, expressed his opinion, which this competent lawyer was supposed to have written to the police, began—

¹ Mr. Herbert Gladstone.

“Edalji is going to Brum on Sunday night to see the Captain near Northfield about how its to be carried on with so many detectives about, and I believe they are going to do some cows in the day time. You bloated blackguard, I will shoot you with father’s gun through your thick head if you come my way. I don’t remember writing this letter, but I may have.”

No tribunal up to the present time has ever found that he wrote those letters. How can the writing of such a letter as the second be imputed to a sane man? I challenge the right hon. gentleman¹ to state what could have been the motive. The third letter was sent to a boy in the village, and said—

“Colonel Bridgeman has granted a warrant to arrest you for killing cattle. There is a warrant for George Edalji and F. W. I have warned Edalji . . . told him what to do to save yourselves.”

If the case were founded on those two letters, it is complete against the hypothesis on which the right hon. gentleman has chosen to base himself. But there was a postcard also, and—incredible as it may seem—the expert Gurrin committed himself to the view that Edalji was not only the author of those three letters, but also of this postcard, which was addressed to himself at the solicitor’s office where he worked, and where every one could read it. It was couched in terms so foul and shameful that I should not be tolerated if I read them; I will only say that it charged Edalji with having committed acts of immorality with a lady justly and universally respected in the neighbourhood. We are asked to

¹ Mr. Herbert Gladstone.

believe that such a charge could have been brought against himself by a man to whom insanity has never been imputed. It is suggested that the authorship of these anonymous letters was brought home to Edalji at the trial. The right hon. gentleman's own Committee has pointed out that this Edalji case was one of very great inherent difficulty. The trial was before a lay bench presided over, not by the ordinary chairman, but by the deputy-chairman—of whom in his private capacity I speak with respect—assisted by no legal advice to guide him through the maze of these difficulties, with no clerk even sitting there, but with the occasional assistance of a member of the junior bar, who was not able to remain in Court during the whole of the hearing of these difficult and intricate charges. The trial of Edalji was most unsatisfactory. There were two indictments preferred against him. One charged him with killing a pony; the other with the authorship of the letters. I will say at once that if the second charge had been tried by the jury, the case for further inquiry would have been incomparably weaker. In fact the prosecution decided to abandon it, or at any rate did not proceed upon it, and confined themselves to the charge of wounding. It was a charge of wounding; but no specific issue was left to the jury, and we are asked by the right hon. gentleman's Committee to infer that the jury thought that Edalji wrote these letters. I know that no consideration will influence this Committee so much as the disquieting possibility that this man, after all, may be completely innocent of the horrible offence with which he was

charged. I do not propose to argue that this is so ; I have had too much experience of criminal cases to insult the intelligence of the Committee by attempting within the space of an hour to treat fully a case, the trial of which occupied two or three days. I will confront the right hon. gentleman with one most sinister and disquieting passage from the report of his Committee—

“The police carried out their investigations, not for the purpose of finding out who was the guilty party, but for the purpose of finding out evidence against Edalji.”

Those who have conducted prosecutions on police evidence know the appalling risks which arise, where the police approach a case with a preconceived conviction of the guilt of the accused, and there is no one who has ever practised at the Criminal Bar to whom the preliminary finding of the right hon. gentleman's Committee is not full of cause for anxiety. The Committee declared that it was doubtful if the jury would have convicted at all, if they had not been, in some way, influenced by the anonymous letters. They said : “The conviction was unsatisfactory, and after a full consideration of all the facts, we cannot agree with the verdict of the jury.” It is a principle of English law that if the prosecution fail to substantiate the charge and prove the prisoner guilty, he is to be treated as innocent of the offence with which he is charged, and I protest that the findings of the right hon. gentleman's Committee amount to this, that with all the cruelty and consequential injuries which were involved, you imprisoned for three years a man on whom, on your

own showing, you had no right to lay a hand. What is the justification for that? The only justification suggested either by the right hon. gentleman's Committee, or by the right hon. gentleman himself, is that Edalji wrote those letters. I make no attack on the intelligence or honesty of the expert witness, Gurrin, who gave evidence upon the handwriting. I believe he intended to give honest evidence; but he is discredited by the evidence he gave in reference to handwriting in the Beck case. The right hon. gentleman should remember the opinion expressed by the great expert in handwriting who was called by Maitre Labori in the Dreyfus trial, and who, like Sir Forrest Fulton, regarded evidence as to handwriting at all times with the greatest suspicion.

What is, in effect, the position of the Home Office? The jury found the man guilty on no other charge than that of killing the pony. Now, the one point upon which a jury are competent to pronounce is whether a man is or is not guilty of such a charge, but a question which they are least competent to decide is whether a man wrote certain letters the caligraphy of which is disputed. The right hon. gentleman has bound himself to some supposed finding of the jury upon an issue upon which they were not competent to pronounce an opinion, and did not in fact pronounce one, while overruling their actual decision on a matter well within their competence. If it is true that there never was a finding that Edalji wrote these letters, may I ask whence the findings came which made it impossible for the right hon. gentle-

man to relieve the man from the stigmas—I will say nothing at the moment about compensation—which destroyed his whole professional career as finally as if the original verdict of the jury had stood. I wish to speak of members of the Committee with profound respect, but with even greater respect of the criticisms and comments of the most experienced and able judge who sat in the Court of Appeal, when he was nominated for the Committee. I will read what Sir Robert Romer said.

Mr. GLADSTONE: The letter of Sir Robert Romer was written after he became a member of the Committee.

Mr. F. E. SMITH: It is not disputed that Sir Robert Romer wrote this letter, and he is not a man to change his mind. The letter said—

“It appears to me that, if such an inquiry is embarked upon, it must be done according to the ordinary rules of procedure governing a criminal trial. It ought to be public, or not at all. Witnesses ought to be examined and cross-examined.”

If that had been done there would have been very little heard of the Edalji case. That view was not adopted, and, as far as the authorship of those letters is concerned, the Committee will hardly credit that there was not any finding by the right hon. gentleman's Committee which showed that they ever brought their own judgment to bear on the question whether Edalji wrote the letters or not. They said: “We are unable to disagree with what we take to be the finding of the jury as to the letters.” They assumed the finding of the jury,

and said they were unable to disagree with it. They said: "We are not prepared to dissent from the finding at which we think that the jury arrived."

It is not pretended that this Committee, eminent though its members were, had any particular knowledge of handwriting, and, obviously, they never brought to bear on the authorship of the letters their own independent judgment. They purported to found themselves on a supposed verdict of the jury which was never given. On internal evidence, it is incredible that Edalji ever wrote these letters; secondly, no tribunal ever found that he wrote them; thirdly, no tribunal ever tried him for writing them. I commend that to the attention of the right hon. gentleman, with the reminder that the man was besmirched with the insinuation that he wrote the letters, and was refused any inquiry as to whether he wrote them or not.

While Edalji was in gaol, a horse was killed by ripping. A man called Green confessed to that outrage. The police knew that he had confessed. Inspector Campbell, with Green's confession in his pocket, was asked, "Have you found out who did it?" He answered, "No, sir," and afterwards said, "I beg your pardon, we have an idea." "Has nobody admitted that he did it?" he was asked, and when further asked, "Is he in Court?" the answer was "Yes." Will it be believed that this man Green was permitted to leave the country a few weeks afterwards, and no charge was brought against him, and that he was never arrested? On the 2nd November, eight days

after the conviction, two horses were mutilated in the same way; and on 24th March following, two ewes and a lamb had their throats cut, and a man was convicted for that offence. The prosecution then adopted the suggestion that Edalji was a member of a gang. I will confront the right hon. gentleman with the evidence of his own Committee, who reported: "Of the existence of a gang there appears to be no evidence." In Staffordshire the opinion was that those who imprison their fellow-subjects incur some small responsibility, and the recurrence of these outrages shocked the public conscience. Consequently a petition signed by 10,000 persons was presented to the Home Secretary asking for a reconsideration of the case, and a Mr. Yelverton wrote to the chief constable of the district, the official directly responsible for the conduct of the police. The chief constable, in reply, wrote—

"November 8, 1903.

"DEAR SIR,—I beg to acknowledge your further letter inclosing some more testimonials to George Edalji's general good character. It is right to tell you that you will find it a simple waste of time to attempt to prove that George Edalji could not, owing to his position and alleged good character, have been guilty of writing offensive and abominable letters. His father is as well aware as I am of his proclivities in the direction of anonymous letter-writing, and several other people have personal knowledge on the same subject."

The Committee will realise now why I laid stress on the unblemished reputation of the elder Edalji. The statement made by the chief con-

stable was not only false in itself, but it was repudiated by Mr. Edalji. He wrote back at once and said these were most serious allegations, and challenged the chief constable to produce the name of a single man who would come forward and substantiate the allegation that his son wrote those letters. The chief constable did not see fit to answer that letter. Is it not evident that this is a case which cries aloud for inquiry? This very gentleman was the man who made repeated representations to the Home Office since the conviction of Edalji, and I ask, What sort of representations were they likely to be? Were they likely to be of such a character as to lead to a fair consideration of the case by the Home Office? The right hon. gentleman,¹ in his speech on the Criminal Appeal Bill, said there was a reason for not disclosing those representations. Will he say whether they were in the prisoner's interest? Did they not repeat the charges made to Mr. Yelverton? Mr. Edalji, being able to detect this particular insinuation, communicated with the right hon. gentleman, and asked whether the chief constable had supplied him with any evidence, in addition to that adduced at the trial, for the purpose of supporting the case against his son. I should have thought that the father's petition was a reasonable one, when he asked whether there was any fresh evidence to the sifting of which he might devote his scanty resources, in order to vindicate his son's character. The right hon. gentleman replied that it would be contrary to the practice of the

¹ Mr. Herbert Gladstone.

Department to communicate the contents of reports made to him by the police in connection with applications for the exercise of the prerogative of mercy, as all such reports were of a strictly confidential character. The right hon. gentleman was specifically asked whether there was any information in addition to what was adduced at the trial for the purpose of supporting the case for the prosecution. Is there any hon. member on the benches opposite who would cheer the proposition that the Home Office is entitled to withhold from Mr. Edalji, sen., any additional evidence supporting the case for the prosecution? If I had an opportunity, I would gladly test in the Division Lobby, whether that is the view of the Committee as a whole.

What has become of the indignation aroused in this country by the Dreyfus case? I recall a time when we involved ourselves in our own virtue, and talked of the secret *dossier* in France. In connection with the Criminal Appeal Bill, it was stated that in the interest of prisoners, inquiries were constantly being made of a confidential character, and that information was given, only because it was confidential. That line of defence will not help the right hon. gentleman, so far as his refusal disclosed in this document is concerned. I spoke of the secret *dossier*; we have also the *chose jugée*, and for the "honour of the army" have only to substitute the "honour of the police."

I do not rest the case of Edalji in the least upon compensation. The House may judge what his claim to compensation is. His career has been destroyed; he has been in prison three

years, and his father, from the resources of an indigent clergyman, has spent £600 in legal expenses. The strength of the case does not lie in the claim for monetary compensation, but in the claim of a citizen of this country that his character shall be vindicated or destroyed by a public inquiry. There has been no public inquiry. I would abandon, and I believe that Edalji would abandon, the question of compensation, if the Home Secretary would give an opportunity for a public inquiry at which the police could be examined and cross-examined with the Press present. It is to the House of Commons, and the House of Commons alone, that the right hon. gentleman can be made responsible. It is to the House of Commons that Edalji makes the last appeal, which the circumstances of the case permit him to make. I do not believe that the House of Commons, if the case is properly put to them, will turn deaf ears to such an appeal. Should they so treat it, it is only left for this unhappy young man, brooding over his ruined career, the long-drawn years of his imprisonment, and his branded name, to draw such consolation as he can from the reflection, *civis Britannicus sum*.

VIII.

THE CAPTURE OF PRIVATE PROPERTY AT SEA.

February 6, 1908.

[The following speech was delivered in the House of Commons, in moving an amendment to the Address expressing regret that His Majesty's plenipotentiaries at the Hague Conference were not authorised to forward the reduction of international armaments by assenting to the principle of the immunity of enemy merchant vessels, other than carriers of contraband, in time of war.]

MR. SPEAKER, SIR,—This Amendment raises a question on which a strong, and I think I might almost say without any inaccuracy, an unanimous opinion has long been held by Chambers of Commerce in this country, and generally by the commercial community. I do not, of course, desire to suggest that in this and other cognate questions there may not be considerations of such paramountcy as to over-ride the views of the commercial community, but the circumstance that there has been for many years unanimity so complete is one which I think entitles the proposal I bring forward to the careful consideration of the House. I am anxious to make it clear that the Amendment is not in any sense a party one, and that it is not brought

forward in any party spirit. Indeed, I know that it will not secure the assent of a considerable number of my friends with whom I commonly vote. Lest it should be supposed that there is any party tinge in the Amendment, I shall not carry it to a division, but shall merely initiate a debate which I hope may usefully guide public opinion on one of the most pressing questions of maritime policy.

Every one, of course, agrees that the pressure of armaments is growing more and more intolerable among the civilised countries of the world, and the only difference of opinion, if there be a difference of opinion, between the two sides of the House with respect to the proposal brought forward in the Amendment, of which the hon. member for the Falkirk Burghs¹ gave notice, is as to the possibility of effecting any change on the lines on which the hon. gentleman and his friends propose to proceed. The view which he and, I believe, many others hold is that no mitigation of the present standard of armaments is likely to be obtained by a general or merely abstract declaration. In other words, the only prospect of obtaining a reduction in the pressure of national armaments, is one which depends on a concrete modification of the circumstances which exist to-day, and which lead other nations to think that their interests necessarily demand armaments on the scale

¹ Mr. J. A. M. Macdonald.

The Amendment referred to was as follows: "But, while rejoicing that Your Majesty's relations with Foreign Powers continue to be friendly, we humbly express our regret that there is no indication of any intention to reduce expenditure on armaments."

presently maintained. The Prime Minister¹ lately contributed to the *Nation* an article which I read with great interest, and, at the conclusion of that article, dealing with the Navy and with the proposals for reduction which it was proposed to put forward at the Hague Conference, he said—

“It has been suggested that our example will count for nothing because our preponderant naval position will remain unimpaired. The sea power of this country implies no challenge to any single State or group of States. I am persuaded that throughout the world that power is recognised as non-aggressive and innocent of design against the commercial freedom of other States.”

The only comment I make upon this claim is that under existing circumstances it is profoundly untrue that Continental nations regard our naval power as non-aggressive, and as innocent of design against their own mercantile marine. The proposition is capable of very simple statement. The case put forward by the Admiralty in defence of their policy has always been that we possess in our navy a valuable weapon likely to prevent the outbreak of war, simply because of the extreme risk which foreign nations would run, having regard to our great maritime superiority of strength, that we should destroy their mercantile marine, or, on the least unfavourable alternative, confine their ships to harbour. To say that we cannot agree to a modification of the existing practice, because it supplies us with a weapon so powerful that we could destroy their commerce, and

¹ Sir Henry Campbell-Bannerman.

to say, at the same time, that the existence of the Fleet at its present strength supplies no menace at all to Continental Powers, is a clear contradiction in terms. It is a profound mistake to base policy upon an assumed simplicity on the part of our competitors, which has no correspondence with the facts. They are well aware that the strength of our fleet places their commerce in our hands—a state of things which no proud nation will tolerate longer than it is obliged. Is any one so simple as to imagine that the strategists of Germany are unaware of this circumstance? Is any one so ingenious as to be able to suggest to that strong and virile nation any sufficient reason why they should say to their seafaring merchants: “We are not able to protect your vessels and your merchandise. If at any time we become involved in war with Great Britain, the strong arm of Germany cannot protect the sons of Germany from aggression and destruction”?

I do not desire to discuss this proposal upon a humanitarian basis. It is quite clear that, so far as humanity is concerned, there is nothing inhumane in the maintenance of the existing system. Nor is it an effective method of argument to rest the case for immunity from war upon the supposed analogy between land and sea warfare. In point of fact, it is not possible to discuss it by reference to that analogy. The question is—should the existing practice be maintained on its own merits in relation to the interests of Great Britain, and not in reference to the interests of other countries? I venture to ask the House to consider what advantage the existing system confers

upon us, and, in the second place, what advantage it confers upon our possible enemies, and, in relation to the second question, what disadvantages it imposes on us.

First of all, what advantage do we at the present time derive from the maintenance of the system, which is so strong and so obvious as to prevent us from agreeing to a change? In considering the advantage, it is convenient to make one or two preliminary hypotheses. The first hypothesis is the naval supremacy of this country, and the second, that we have effectually succeeded in blockading the whole of the enemy's coast. These are the circumstances in which the advantage we are commonly supposed to gain would most strongly exist. Given these two elements, we could on the outbreak of war, with certain reservations, suppress the carrying trade of any opponent with whom we are likely to be engaged in war. The first observation on that point is that, although this consequence might well follow if the opponent were either France or Germany, it is far from being true or obvious if the country, with which we are engaged in warfare, were not a country east of the Straits of Dover, but some distant Power. Take the case, for instance, of Japan or the United States of America. It is, I suppose, tolerably clear that this country cannot be in a position to police seas so distant in such numerical strength as to make it certain that we can suppress the whole, or a considerable part, of the carrying trade of our opponents with the same expectation of success as if the Power with which we were engaged were France or Germany. But I am willing to assume that we have been successful in capturing part of the fleet of

the enemy with whom we are engaged, and also in confining a considerable portion of their mercantile marine to harbour. So far as any Power with whom we are likely to be engaged is concerned, although that would be a serious blow to them, it would not be a paralysing blow. Certainly it would never—and this is the true test of effective belligerency—cause them to sue for peace.

Let us consider the matter, first of all, in connection with the question of food. So far as food supply is concerned, any opponent would be able to obtain their own food with almost as much freedom, ease, and certainty, as at the present time. In the first place, they could obtain it in neutral bottoms, unless contraband of war, and they could also obtain it by railway transport.

Take the case of Germany. Apart from the fact that that country is able to supply the population with a very much larger proportion of the necessary food from its own soil than we can supply ourselves with, it would also be able to carry in the balance without very serious difficulty by railway. There would not be any insuperable difficulty, so far as Germany is concerned, because the oversea trade would readily adapt itself to Dutch and Belgian channels. So far as the commerce of the country, other than the food supply, is concerned, it is clear in the same way that the effect on such countries would not be nearly so disastrous as it would be to this country. Dealing with general merchandise, although there would, of course, be temporary inconvenience and dislocation, it could, like imports of food, be conveyed by land transit. If that be so, it becomes necessary to ask what is the effectiveness

of the blow which is considered so important. Let us ask the Admiralty clearly and explicitly to state the great advantages this country derives from the maintenance of the existing practice. Inquiries made in this country and in France and Germany, enable us to pronounce a view which, though not so authoritative as the Admiralty view must be, is one which is commonly held by persons other than naval experts. That view is that the immediate effect of the outbreak of war with France or Germany on the sea-borne commerce of these countries would be twofold. In the first place, a considerable part of the sea-going mercantile bottoms of these countries would remain in harbour, and, in the second place, a great part of their trade would be swiftly transferred to neutral bottoms. The disadvantage of that to France and Germany would be obvious, and it is proper not to underrate it. In the latter contingency, they would have to pay additional war freights, and, in the earlier contingency, for a considerable period they would be inconvenienced by the suspension of the carrying trade. Captures in either event would not be considerable, even if our supremacy were effectively asserted. The extreme mischief which could be caused to France or Germany would be the temporary dislocation of their carrying trade, which would be partly transferred to neutral bottoms, and partly borne by land transport. Their food supply and the importation of raw materials would not be fatally affected. We are told—and, it is said, this argument carries great weight with the Admiralty—that the knowledge of France and Germany that, on the outbreak of

hostilities we might strike a serious blow at their mercantile marine is one of the greatest guarantees of peace. The answer to that is that it has no such effect. You cannot exact a greater guarantee from other countries for peace than the risk of destruction to a powerful and costly navy costing hundreds of millions of pounds, the product of many years' sacrifice, and one of the dearest possessions of a proud people. You cannot reasonably say to Continental countries, who have put these mighty Armadas to the hazard, that a further guarantee of peace is that they may suffer from some temporary dislocation of trade, or that their mercantile marine may be condemned to an indefinite period of enforced idleness. As long as this country maintains the existing system, we can never go to other countries with an appearance of good faith, and say that we propose a general reduction of military armaments.

Let me now ask the House to consider what is the effect of the existing system, as far as we ourselves are concerned. And here an obvious reflection occurs at once, and that is that we have more to lose and more to protect than any other Power in the world. This country possesses half the merchant tonnage of the world—very nearly twice the tonnage of the United States, and nearly five times that of Germany. What would be the effect on our trade of the outbreak of war? I assume again that this country maintains an effective naval supremacy, taking as before the hypothesis least favourable to my argument. Let me remark, in passing, that since the Napoleonic

wars the existing system has not been tested. The hypothesis is that if we maintain the supremacy of our fleet, there will be no danger of an organised attack on our commerce. But the career of the *Alabama* shows that, although there might not be an organised attempt to destroy our merchant shipping, it is possible by means of swift cruisers to inflict such an amount of injury on our carrying trade as would be, if not irreparable, at least, very great. It may be said that the Admiralty can take precautions on the outbreak of war for the protection of our merchant vessels; but it was pointed out in the Report of the recent Commission on Food Supply that if a portion of the naval forces at our disposal were deflected from the main operations of the war for any purpose whatever, the general conduct of the war would almost certainly be injuriously affected. It is reasonably certain that, without such protection by the fleet, many English vessels would be destroyed by single enemy cruisers. The Commission considered what the effect of that liability would be upon the interests of this country. They said, in the first place, that the destruction of such vessels would be extremely serious, so far as the price of food and raw materials is concerned. The result would be panic prices for both food and raw material. The commercial disaster is not exhausted by that statement, because the experience of previous wars shows that the immediate effect would be the inflation of the rates of insurance, and the derangement of business in every class of the community.

Therefore, in the first place, we have no incon-

siderable risk of the capture of our mercantile marine, inasmuch as the fleet could not afford complete protection to our carrying trade, and, in the second place, the price of food and raw materials would be incalculably enhanced. As to the price of food. Since the Declaration of Paris, food carried in neutral bottoms would be immune from capture. But there is uncertainty as to the proportion of such bottoms to the total number of importing vessels. The Lords of the Admiralty have taken into consideration interference with our food supply as one of the problems which deserve constant and careful attention. In spite of comparative immunity so far as that portion of our food supplies which is carried in neutral bottoms is concerned, it is clear that we should otherwise be subject to the greatest risks. What is the extent of those risks? So far as the American supply is concerned, some portion of it might be carried in neutral bottoms, but far the greatest part of the American supply is, at present, carried in British bottoms, and would, in the event of war, be carried in British bottoms liable to capture. So far as the Australian and Canadian supplies—and these are growing—and the Indian supply are concerned, they would be carried in British bottoms liable to capture. The mere risk or liability to capture would evidently increase the rates of insurance, and the effect would be one of the greatest conceivable misfortunes to this country. The figures of the amount of our food which is imported are very striking. Eighty per cent. of our total wheat supplies is imported,

40 per cent. of our meat, 60 per cent. of our bacon, 50 per cent. of our cheese, and 70 per cent. of our butter, so that all those necessary means of existence would be exposed to the risk of capture.

But the mischief is not limited to our food supply ; there is the case of the raw materials for our manufactures. The risk of capture of these would cause an immediate paralysis of our commerce on the outbreak of a naval war. Hon. members for Manchester and Liverpool are well aware that practically the whole of our cotton and almost all our wool are imported from abroad by oversea routes, and the great proportion is carried in British ships, so that, apart from the pressure on food on the outbreak of war, every mill in Lancashire and Yorkshire would be distressed, and every operative in them would be exposed to the total cessation of employment. Many of these problems are dealt with as if history had not advanced since the days of the Napoleonic wars. The Lord Chancellor,¹ before he reached his present high office, wrote a very able and cogent letter to the *Times*—if I may be pardoned the impertinence of saying so—in which he pointed out that in old days it was a distinguishing circumstance that the land routes of Continental countries had not been developed. But now that these land routes have been developed, though you might by one stroke destroy the whole sea-going adit to the markets of Continental countries, you would not make it impossible for them to live and carry on their business. But to us the result would be very different indeed,

¹ Lord Loreburn.

if an effective blow was struck at our sea-borne arteries.

To the contention that the effective method of making peace in the days of Louis XV. and Napoleon proved again and again to be the destruction of the mercantile marine of our enemy, the answer is that in those days the neutral flag did not protect goods carried by sea, and land transport was impracticable; in other words, the Declaration of Paris was not then in force. That Declaration was accepted formally by all the great Powers except the United States, who have, however, though non-signatory, acted upon it in recent wars. Before that Declaration was accepted, a belligerent was at liberty, not only to destroy the merchant vessels of the enemy, but also to detain the vessels of neutrals which contained the enemy's goods, and to seize those goods. Until that rule was altered by the Declaration of Paris, it was a decisive weapon in the hands of a belligerent who was relatively strong in sea power. Supposing a war broke out to-morrow, you would be able, but for that Declaration, not only to capture the merchant vessels of your enemy and seize their cargoes, but also to prevent their commerce being carried in neutral bottoms, so that you could strike a decisive blow at their trade. Imagine what that would mean if you still had in your hands these weapons against Germany or America. You could destroy their trade by the simple announcement that not one single pound of American or German merchandise should be carried at sea without risk of capture.

Then indeed you would strike a paralysing blow at the commerce of America or Germany, but the moment we conceded, as we did by the Declaration of Paris, the right of neutral vessels to carry the goods of our enemies, the practice to which I have alluded became an anachronism, which is of little advantage, and, indeed, would be of no small disadvantage to us on the outbreak of war. I should like to call the attention of the House to the circumstance that the views I am pressing upon it have received the support of men of all parties whose opinions are worthy of support. That I think will not be disputed. It is not unworthy of note also, that Mill, who gave serious study to this question, was altogether opposed to the Declaration of Paris, vigorously resisting the extension of the immunities I have described; but he took the view that the moment you had allowed the principle of free ships, free goods, it became necessary to carry the principle further, and protect private property from capture on the seas in whatsoever bottoms it might be carried. The expressed desire of Germany has never wavered from the earliest days. In 1866, when Germany was at war with Italy and Austria, by arrangement between the belligerent Powers, it was agreed that the immunity should be conceded, and the German Chancellor laid it down recently that the German policy has undergone no modification.

It is undisputed that the assent of Germany would not have been withheld at the Hague Conference, had the proposal I make been brought forward. As far as the United States of America are concerned,

they have always qualified the Declaration of Paris by saying that they would agree to the abolition of privateering, if the immunity from capture was applied to all ships, and the Marcy amendment still continues to represent the deliberate policy of the United States. That very experienced strategist, Captain Mahon, also at one time expressed the views which have been held by so many experts on this subject, and which I have attempted to lay before the House, though I am aware that he has since modified them. I would ask the House to consider one further observation on the general question, and it is this. When we are told that we can strike a blow at the commerce of our enemies, have those who made that statement any impression of the condition of things prevailing under the ramifications of modern commerce in regard to maritime and fire insurance?

The editor of the *Economist*,¹ in a very ingenious speech, took an extravagant illustration in order to avoid any misunderstanding. He said, supposing that Germany and England together were bombarding San Francisco, and in consequence a fire broke out comparable to the fire which followed the recent earthquake. The result of that fire was to cause many millions of pounds of damage, and interesting questions of international insurance would arise, if the fire had broken out in consequence of bombardment. In that case, England would have paid £8,000,000 of the insurance, and Germany £3,000,000. The result of bombarding the town, therefore, would have been that £11,000,000 would have been paid by underwriters of the bombarding

¹ Mr. F. W. Hirst.

countries. If you apply that illustration to maritime underwriters of mercantile insurances, the result is still more remarkable. It is sufficient for me to say that a large percentage of the mercantile insurance of the world is done in London. So that, in order to strike a really damaging blow at the enemy, we are face to face with these difficulties: first of all, he may not bring his ships out of harbour at all; secondly, he may carry his merchandise in foreign ships which are protected; and thirdly, if he does bring his ships out of harbour and you destroy them, English underwriters will have to pay a large proportion of the damage. These considerations suggest reasons why the change should be made. So long ago as the days of Lord Palmerston, the force of this argument was clearly felt, and that great upholder of the rights of this country said—

“I cannot help hoping that those principles of war which are applied to hostilities by land, may be extended to hostilities by sea, so that private property shall no longer be the object of aggression on either side.”

I do not think that Lord Palmerston can be said to have been in favour of every country but his own. The Secretary to the Admiralty,¹ in his pre-official days, expressed himself with admirable cogency on this subject. Speaking of the proposed Peace Conference, he stated his views in the following forcible and temperate language—

“Why should there be panic and consequent rise in prices? Why should there be any need for considering any of the numerous and costly experiments which the

¹ Mr. E. Robertson.

Commission has had under consideration ? The answer is that the danger arises almost entirely from the perpetuation of the usages of 'International Law' permitting a belligerent to seize and hold the defenceless and inoffensive private merchantman plying his beneficial trade on the high seas."

That was the opinion of the Secretary to the Admiralty¹ before the Hague Conference, and the Lord Chancellor² also said—

"Last year President Roosevelt declared in favour of a new International Conference at the Hague, and notified that, among other matters for deliberation, the United States intended again to press this very subject on the attention of the Powers. Unquestionably, the American President, with the immense authority he now wields, will exert every effort to attain his point. I trust that His Majesty's Government will avail themselves of this unique opportunity. I urge it not upon any ground of sentiment or of humanity (indeed, no operation of war inflicts less suffering than the capture of unarmed vessels at sea), but upon the ground that in the balance of argument, coolly weighed, the interests of Great Britain will gain much from a change long and eagerly desired by the great majority of other Powers."

One is surprised and disappointed to find the proposal so commended before the Government came into office, and with which I and others on this side of the House have long had a warm sympathy, abandoned at the moment when they have power to give it effect. The instructions given through the mouth of the Secretary of State to the Plenipotentiaries of the Hague Conference were so

¹ Mr. E. Robertson.

² Lord Loreburn.

extremely uncompromising in their character, as to be destructive of the argument upon which members of the Government purport to base their position. I think I shall do justice to the instructions given by His Majesty's Government, and to the grounds upon which they purport to base themselves, by saying that, although it seems to them that for other reasons the adoption of this immunity is very much to be desired, first, from the humanitarian point of view, and in the second place, as far as the material interests of this country are concerned, yet, because this concession would destroy the character and usefulness of commercial blockade, it cannot be conceded. There is no other reason given, and I would ask the House to consider what the force of that argument is. What is commercial blockade? It is a comparatively new doctrine of very doubtful legality, and one in regard to which I venture to say, as far as this country is concerned, there is considerable doubt whether, if we were engaged in war to-morrow, the great countries of the world would recognise the legality of the practice. Can it be said, under any acknowledged rule of international law, that if England were at war with the United States of America, it would be legal for this country to proclaim a blockade of the whole of the Californian seaboard, when the whole operations of the belligerents were confined to the frontiers of Canada? Yet in its modern form the doctrine claims no less degree of license. I do not think the Powers will assent to the pretensions of commercial blockade in their

present shape, nor am I aware of any authoritative international practice which makes it right that they should give such assent. As it at present exists, it is enforced on neutral ships. Supposing a war broke out between Germany and the United States, and Germany declared a commercial blockade of American ports, the shipping which would be most interfered with would be English shipping. Disputes and disturbance would immediately arise. I am by no means satisfied that we in this country should, in the circumstances supposed, tolerate the pretensions involved in the modern conception of commercial blockade.

There is one concluding observation that I have to make on what is believed to be the position of the Admiralty in this matter. It would be idle and foolish not to treat with the greatest possible respect the opinion of the Admiralty. As we are not yet aware what position they take up, I am not going to ask the House to divide on this occasion. But when we are asked to consider what the Admiralty's view upon this question is, we are surely entitled to make one or two observations upon the position of the Admiralty in relation to proposed reforms in the past. It will be in the recollection of the House that, many years ago, the Admiralty produced cogent, convincing, and conclusive arguments to show that steam could not be adapted to the use of ships of war. Shortly afterwards, they produced another statement conclusively proving that armour plates could never possibly be used for ships of war. The Admiralty, therefore, having made mistakes in matters of this kind, which

were proper subjects for naval experts, must not be supposed immune from the possibility of mistake in a case, which in its legal and commercial aspects is not a question for naval experts. I do not claim to be an expert in this matter, but I say that, apart from the strategic problem, there is a commercial problem affecting all the large towns and seaports of this country ; further, there is a political problem deeply and vitally concerning all the members of this House. I have no desire to bring forward this question in a spirit of controversy, but merely as a question deserving careful consideration, and, therefore, I propose to withdraw the Amendment, but I trust, although there can be no division upon it on this occasion, there will be a discussion, which will result in an explanation from the Government as to the line they take, and a declaration that there shall be a Committee to inquire into the whole question. It is in this spirit that I beg to move the Amendment standing in my name.

IX.

THE FIRST EDUCATION BILL OF 1908.

February 24, 1908.

[The Education Bill, 1908 (No. I.), introduced in the House of Commons by Mr. M'Kenna on February 24, 1908, provided that no school should be recognised as a public elementary school, unless provided by the local education authority without any religious tests for teachers or any religious instruction except Cowper-Temple teaching. Voluntary schools in urban districts, but not those in rural districts, might "contract-out," receiving a grant not exceeding 47s. per child, but attendance at such schools would not be compulsory. Provision was made for the transfer to the local authority of the buildings of voluntary schools, which the trustees were unable to carry on. Rural schools under trusts, in whole or in part, for elementary education were to be transferred without payment; the trustees were to be allowed to use the buildings out of school hours for denominational teaching, but not to have the use of the teachers' services for the purpose. Other voluntary schools might be transferred for such payment as the local authority might agree to, and upon condition that Cowper-Temple teaching should be given so long as the authority held the school.

The following speech was delivered on February 24, 1908, in the course of the debate on the first reading of the Bill.]

MR. SPEAKER, SIR,—Having listened to this debate with very great attention, and having no desire to use language other than the most conciliatory towards the Government's present proposals, I hazard the conjecture, speaking as far as the

North of England is concerned, that this Bill is not seriously intended to pass into law. I do not think that an analysis of the beliefs of members of the Government—I do not mean their religious beliefs, but their educational theories—would lead us to expect that they would produce a Bill which would pass into law, either on the lines of the present Bill or on the lines of the last Bill. We know that the Secretary of State for War,¹ because he has repeatedly told us so, has always been a convinced believer in the 1902 Bill passed by my right hon. friend.² He has often called attention to the immense work done for the cause of national education by that Bill. We know the Home Secretary³ is in favour of a secular solution. We know the late Minister for Education⁴ was in favour of parents' rights, and that the Prime Minister⁵ is sometimes in favour of parents' rights and sometimes not. We know that the Parliamentary Secretary to the Local Government Board⁶ is at one time in favour of contracting out, but at another time is opposed to it. In those circumstances, it is not very surprising that the Bill, which has at last been produced, should have been met from all quarters of the House with a chorus of disapproval except from the hon. gentleman who has just resumed his seat.⁷ When we are asked to place these educational debates upon a higher level, when we are asked whether we cannot forget the sectarian differences, whether we cannot think a

¹ Mr. Haldane.

² Mr. Balfour.

³ Mr. Herbert Gladstone.

⁴ Mr. Birrell.

⁵ Sir Henry Campbell-Bannerman.

⁶ Mr. T. J. Macnamara.

⁷ Mr. E. S. Montagu (Cambs., Chesterton).

little more of the interests of the children, surely we are entitled, those of us who believe that there is one line, and one line only, upon which true educational progress can be made, to point out that, when the 1902 Act was passed—which, by the universal admission of every one who has spoken from the other side of the House, did a great work for education in this country—hon. and right hon. gentlemen opposite thought fit to excite a Welsh revolt, in order that they might show us how desirous they were that the paramount interests of the children should be considered.

What is the nature of the present proposal? The circumstance which, I think, will attract the widest attention in Lancashire, is that this Bill is totally distinct from the Bill introduced eighteen months ago.¹ Eighteen months ago, we were told that the House of Lords had flouted the will of the people as expressed by hon. and right hon. gentlemen opposite. What was the will of the people eighteen months ago, as construed by the then Minister for Education?² The right hon. gentleman² said: "There will be no contracting out of popular control and all that popular control means." And he continued: "No elementary school shall receive a penny of public money either from the rates or taxes, unless it becomes a provided school."

When hon. gentlemen rise, like the last speaker,³ and enthusiastically support the proposals of the Government to-day, which are the very negation of the extracts I have just read, we may well ask,

¹ Education Bill, 1906. ² Mr. Birrell. ³ Mr. E. S. Montagu.

Is there anything in the way of inconsistency which hon. gentlemen opposite are not prepared to swallow? That was the first Bill. The session afterwards an attempt was made to diagnose the will of the people by the introduction¹ of that squalid piece of meanness, the Passive Resisters Relief Bill,² a Bill which had the happy effect of imposing a one-fifteenth educational rate on denominationalists, a totally different Bill from the first Bill, different in its details, and in its expression of the will of the people. What happened? The second Bill was dropped after a short and unhappy Parliamentary career, and it was dropped, I deliberately say, for one reason only, that it would not admit of being jockeyed in the interests of the Roman Catholic community. ["Hear, hear."] I am not impressed by those cheers, because I recollect, in my short Parliamentary career, the first Bill, which hon. gentlemen opposite say was rejected by the House of Lords, the second, the Passive Resisters Bill, and now this Bill; of all three there was not one which hon. gentlemen did not receive with the same indiscriminate and unquestioning enthusiasm.

What is involved in the statement of the Minister for Education³ that he is going to the Church of England with a sword in his hand, as compared with the peace offering of the previous Minister?⁴ I do not question the right of the right hon. gentleman to go to any community with a sword in his hand, if it helps his diplomacy to do so.

¹ Introduced by Mr. M'Kenna on February 26, 1907.

² Education Bill, 1906.

³ Mr. M'Kenna.

⁴ Mr. Birrell.

Mr. ACLAND: The House of Lords, not the Church of England.

Mr. F. E. SMITH: If indeed that was the expressed intention of the Minister, there has been a singular delay in producing the sword from its scabbard. It is to be the House of Lords. Because the House of Lords threw out a Bill which no longer represents the will of the people—for it cannot be contended that this is the same Bill,—the present Bill, more drastic than the last, is to be imposed upon them without reference to the merits or demerits of denominationalism, but simply as a piece of petulant spite against the Upper House. Is it or is it not the will of the people that there should be two systems of State schools, or only one? That is the first point upon which the Parliamentary Secretary to the Local Government Board¹ may help the House, if he proposes to intervene in this debate, as he has done in previous debates. If it is the will of the people that there should be two, why did the late Education Minister² scrupulously, and with exact care arrange for one? If it is the will of the people that there should be one, why is the present Minister³ arranging with the same scrupulousness and care that there shall be two? Then, how has the change in the will of the people been discovered? Was it by intuitive divination, or by private information from the people of Devon, Hereford, or Worcester,⁴ that the Government have discovered

¹ Mr. T. J. Macnamara. ² Mr. Birrell. ³ Mr. M'Kenna.

⁴ The Government had recently lost bye-elections by large majorities in these three constituencies.

this change? When we are dealing with the question of the application of these money grants, which are still to preserve denominational schools, I hope the House will not fail to recollect the right hon. gentleman's¹ sinister remark that the pecuniary arrangements, which are now being sanctioned, must not be assumed to have a permanent character, inasmuch as they may be altered in one year, or in two years. That is encouraging news for the people of Lancashire, who in past years have made great sacrifices for their voluntary schools. We know what we have to expect from the right hon. gentleman. We know that he deals with all problems of a perplexing character in a method which has the attraction of simplicity. The right hon. gentleman appeals from his embarrassed political side to his corrupt judicial side—[Cries of "Withdraw."]—his partial judicial side. [Renewed Ministerial cries of "Withdraw."] I withdraw nothing.

MR. DEPUTY-SPEAKER: The hon. member has no right to make a charge of corruption against another hon. member.

MR. F. E. SMITH: I at once, and in respectful obedience to your ruling, Sir, substitute for the charge of corruption the charge of partiality. [Cries of "Withdraw."] If I am out of order, I shall be told so from the Chair, not from below the gangway. I repeat, an appeal from Dr. Jekyll to Mr. Hyde is not one which gives any great encouragement to those, who are told that the last chance they have,

¹ Mr. M'Kenna.

depends upon the administrative arrangements of the future.

Let me ask, next, what is this scheme of contracting-out? I speak in the presence of the Parliamentary Secretary to the Local Government Board,¹ when I say, just as he said, that as Clause 1 was the spinal cord of the last Bill, so contracting-out is the spinal cord of this Bill. Is there one member of the Government, who has appealed to his constituents on the ground that he wished to settle this question on the basis of contracting-out, or is there even one hon. member opposite who has said so in his constituency? I recall the words of the Parliamentary Secretary to the Local Government Board,¹ who, in 1906, in describing "contracting out," said it was "an exception grafted on an exception," and that he was "amazed that this proposition for contracting-out should come from a Liberal Government." "It cut across," he said, "the spinal column of the Bill; the voluntary schools could not stand the strain in 1902; after being four years on the rates, they would be still less able to do so; the expenses of maintenance would have increased by 20 per cent., while the teachers would be paid on the School Board standard." "The children of the country," he said, "would be once more sacrificed," and he viewed the whole proposition with the greatest apprehension, and with something approaching disgust; he considered that the proposal to allow contracting-out was thoroughly reactionary, and he regretted that it should have come from the Liberal Government. I can only

¹ Mr. T. J. Macnamara.

say that a gentleman, who is capable of such intellectual acrobatics in the short period of eighteen months, deserves something better than an under-secretaryship. He ought to be a law officer.

Let us consider for a moment whether the hon. gentleman was not abundantly justified in the statements he made in 1906. I offer for the consideration of the House some figures that have been supplied to me. The voluntary schools, prior to 1902, cost £2, 6s. per child, and the grant amounted to £1, 15s., a deficiency of 11s., which caused the intolerable strain that was admitted to be utterly irreconcilable with any school efficiency. ["No, no."] Hon. members say no, but the Parliamentary Secretary to the Local Government Board,¹ who knows considerably more about it, says yes. I prefer to take the views of the hon. gentleman on this matter. Now the expenditure in all schools, including voluntary schools, amounts to £3, 2s., and the new grant is announced as £2, 7s. That is an increase of 16s. as compared with the cost of the voluntary schools prior to 1902, and an increase of 12s. at most in the grants. What is likely to be the effect of this greater deficiency? It is not pretended that contracting-out is in the interests of educational efficiency. It is introduced to get rid of political difficulties. Its first object is to shift the direct incidence of denominational charges from the rates to the taxes, and the second is to lessen the amount which is payable on adjustment to the denominations. Those are the two

¹ Mr. T. J. Macnamara.

objects, and I hope we shall hear something of them in this debate.

I should like to hear the view of an intelligent foreigner on being told that in the year 1908 it was proposed to divert the educational charges from the rates to the taxes, not for administrative or educational reasons, but merely to relieve a certain type of conscience. Let the House for a moment pause to consider this ever-fresh phenomenon of a conscience, which can pay a tax, but which cannot pay a rate. There is some distinction, if any one is so fortunate as to understand it; but, having considered it carefully, I confess I have entirely failed to do so. Does it really exist? Is there really in this House a conscience which, when it pays for the denominational education of others, recognises the distinction between a rate and a tax? Is there, away from the public platform and the country, any conscience which feels the conscientious objection to pay a rate for the denominational teaching of other people's children? If there is, will the same person dare to come forward and say that, although he feels this affront to his conscience when asked to pay out of rates for denominational teaching, he does not feel the same affront when the charge is made in taxes? If, indeed, the affront is not felt when the charge takes the form of a tax, how is it that the most simple solution of all has inexplicably escaped the attention of one Government and one party after another? If that distinction is valid, and the Nonconformist conscience can pay taxes and not rates, why not adopt the simple solution

and impose the whole educational charges upon the taxes? You can then give the denominationalists all they want, and this conscience is at last assuaged without any difficulty. In truth, this distinction, on which so much stress is laid, is not a distinction which has ever been defended by a leading member of the Government. They used the hypocrisy without adopting it.

The Secretary of State for War¹ saw with the most complete clearness how futile it was to seek to establish such a difference. The difficulty in which the Government is placed is that they are face to face with the results of an impossible electioneering campaign, an electioneering campaign which has led to one unpopular Education Bill after another. It was short, simple, and intelligible, and can be represented in a sentence. The election campaign was: "Not one penny of public money without public control." Well, if you are strong enough to do that, you are on the road which leads equally to logic and success; and, if you are not strong enough to do that—and I do not think there is a single member of the Government who will now contend that you are strong enough—the attempt to establish a distinction between rate and tax is idle. I said that the second object in contracting-out was to lessen the amount given in future to denominations. On the net result they are to receive less. Such being its two objects, I shall oppose this Bill from its first stage to its last, and I believe Lancashire, as a whole, will oppose it. I believe Lancashire members, wherever

¹ Mr. Haldane.

they sit, will be driven by the views of their constituencies to oppose it, as many of them opposed the last Bill. I shall oppose it on the broad and simple ground that no Bill can ever succeed in this country, which does not treat Nonconformist, Anglican, Jew, and Catholic alike. That is the principle I hope all who oppose this Bill will adopt. No denomination-
alists ought to be asked to cut their children adrift from public funds, to which they are compulsory contributors. If it is possible to treat all alike, obviously that is the fair and right solution. How is it possible? There are two ways, and two ways only. The first is the secular solution. Of all the weapons and of all the devices to which this Government, when they are in difficulty, make resort, the most contemptible and most unconvincing is that which leads them, when faced with denominational arguments, to say: "If you press it, you will drive us to the secular solution." Let me say that if the Government are to be driven to the secular solution by the arguments I and my hon. friends use, the moment they come into the open and go to the country on that question, the better pleased we shall be.

The only party of any strength in this House, which has pronounced itself by its leading members to be strongly in favour of the secular solution, is the Labour party. But I have noticed, not without interest, that, although many of its members speak with great force and with great eloquence in this House in favour of the secular solution, when an opportunity is given to them of challenging the opinions of the constituencies in three-cornered and

other fights, the candidates whom they select do not show that zeal and enthusiasm in the cause of secularism, which their leaders display in this House. Quite recently, we had an election in the Kirkdale division of Liverpool. It was an election between a Labour and Socialist candidate and a Conservative candidate. I should have thought, in my simplicity, that that was an admirable opportunity in a great industrial centre of population for the Labour party to nail their colours to the mast, advancing the great and popular cause of secularism by submitting it to the suffrages of a democratic constituency. Before the Labour candidate had been in the constituency four days, however, he was strongly in favour of Cowper-Temple teaching, and I have no doubt, if we had kept him there a month, he would have become an advocate of denominational teaching. I think I am correct in saying that the same experience befell the Labour party at Hull; and in the recent contest at Leeds the Labour candidate did not, in order to secure his return to the House of Commons, nail to the mast this secularist doctrine, which we are told is such a serious menace to us, if we press our claims to equal treatment. The only comment I make is that advocacy of the secular doctrine in this House is likely to be little persuasive, when it is combined by the party which, as a party, is the only party in favour of it, with a resolute refusal to challenge the opinion of the country, when opportunity is given them to do so. I say deliberately that the Labour party can no more carry their Roman Catholic operatives with them in their battle for

purely secular education, than they can carry far wilder and more extreme industrial proposals. Is there a Labour representative of Lancashire, who can say that the Roman Catholic members of the trade unions would ever follow them in their secularist campaign? The member for East Leeds¹ put down at the recent trade union meeting a resolution in favour of denominational education. It was a resolution which I would have accepted myself. It was in favour of the parental right in the most extreme form. The hon. gentleman was induced to withdraw it, I know not by what agency or with what object. But, so far as Lancashire is concerned, I do not believe any Labour member sitting for a Lancashire constituency—and I ask the House to take this as the measure of the secular threat—will come forward and say that he is in favour of the secular solution.

A LABOUR MEMBER: We have voted for it in this House.

MR. F. E. SMITH: I quite agree. The whole of the supporters of the Government have voted for two different Education Bills in this House. The question is: What is the hon. gentleman going to vote for in the country, and what are the constituencies going to vote for when they get an opportunity?

If the principle of secularism for this reason fails, we are thrown back upon the principle of parental right, which has received a great deal of allegiance in all parts of this House. I understand from the present Minister of Education² that he, too, to some

¹ Mr. J. O'Grady.

² Mr. M'Kenna.

extent is in favour of the principle of parental right ; but I notice with surprise that, when speaking in the country the other night, he described it as an "empirical fad." Why he should be in favour of an empirical fad, the right hon. gentleman did not explain. I should like to call attention to the fact that this remedy has been advocated by men of widely divergent views. The distinguished brother¹ of the member for East Marylebone² moved an amendment to the Bill of 1902, which, I believe, would have had the effect of establishing a parents' committee. I profoundly regret that that amendment was not adopted by my right hon. friend³ who had that Bill in conduct. It was a proposal which, I believe, was supported by the hon. member for East Mayo.

Mr. DILLON (Mayo E.): I moved the amendment.

Mr. F. E. SMITH: I beg the hon. member's pardon. It was moved by the hon. member for East Mayo, and, I think, supported by the noble Lord who sat for Greenwich.¹ That, of course, was an amendment which would have had the effect, although not in the exact form which would be adopted to-day, of establishing the principle of parental right. I regret profoundly that the House did not adopt that. Not only was the hon. member who sat for Greenwich¹ in favour of that view, but the present Prime Minister⁴ also expressed himself strongly in favour of it—

¹ Lord Hugh Cecil. ² Lord Robert Cecil. ³ Mr. Balfour.

⁴ Sir Henry Campbell-Bannerman.

"We believe the child should be brought up in the faith of its father until it is old enough to choose for itself."

That is not only the child of the Nonconformist, but equally the child of the Roman Catholic, or the Anglican father. The late Minister for Education,¹ until he assumed the responsibilities of office, spoke more directly and clearly, though in very homely language. He said—

"Here the parents really must conquer their shyness and make their choice apparent in this heated controversy and tell us, when they send Tom and Jane to school, if and what religious instruction they desire them to receive. We are not an imaginative people. Jews, Roman Catholics, Anglicans, and Dissenters in a lump will usually exhaust the list. The great body of Dissenters will be found ready to accept the broad, simple Bible teaching which characterises Board School Christianity."

This was the way that the right hon. gentleman won his mandate from the country. It was by saying to Catholics below the gangway that the only permanent solution was by giving to the parent of every child the right to determine what the religious education of that child should be in the public elementary schools of the country. We had the same statement by the Attorney-General for Ireland² at Liverpool, and we have had, with qualifications, the same statement made by the hon. member for the Abercrombie Division,³ and the hon. member for East

¹ Mr. Birrell.

² Mr. Cherry.

³ Colonel Seely.

Toxteth.¹ Each and all of them have committed themselves to the principle of the parents' right. This principle is not one which can be determined in reference to any vulgar fraction, or to any arrangement or calculation as to the number of parents.

The Government have produced a Bill which they and the House know will never become law in its present form. Consider for a moment the odious position in which they have put the political Dissenter in the eyes of the country. They represent him as a parasite upon the scanty pence of the Anglican and the Catholic operatives. You depict him as saying: "We will have the religious education that we desire, and that is sufficient for us. You shall pay for it, and if you insist on the religious education which you desire, you shall pay the additional charge." The answer to any complaint is: "It is not meanness which makes us take up this position. It is conscience." Fortunate indeed are those whose consciences coincide with the economy of their pockets, and the exploitation of their neighbours. The only observation which we make in the North of England, in Liverpool and Manchester, where we are not enthralled with this doctrine, is that if this provocative and brutal policy is pressed to its conclusion, history will teach you, as it has taught others, that, from the days of Praise God Barebones to the heroes of the Welsh revolt, there has never been a Parliament dominated by political dissent, of which England has not grown more and more sick.

¹ Mr. Austin Taylor.

X.

THE LICENSING BILL, 1908.

February 27, 1908.

[Prior to 1904, licensing justices had an absolute discretion to grant or refuse the renewal of all licences for the sale of intoxicating liquor, except those granted in respect of ante-1869 beer-houses. This discretion was to be exercised in a judicial and not in an arbitrary manner. The renewal of a licence granted in respect of an ante-1869 beer-house could be refused only on grounds connected with the character of the applicant or of the premises. The Licensing Act, 1904, abolished this distinction. It gave licensing justices a discretion to refuse the renewal of all licences on the ground that the premises had been ill-conducted or were structurally unsuitable, or on grounds connected with the character or fitness of the applicant. It further empowered them, where they considered that a licence should be refused on some other ground, *e.g.* redundancy, to refer the case to Quarter Sessions, and Quarter Sessions were enabled, if they thought fit, to refuse the renewal on such ground, on payment of compensation to "the persons interested," who would be the holder of the licence, the owner, mortgagee, and, generally, any persons having an interest in the premises. The amount of the compensation to be paid was to be a sum equal to the difference between the price which the licensed premises would fetch, if sold in the open market, and the price which they would fetch, if unlicensed and sold under similar conditions. To this was to be added the amount of any depreciation of trade fixtures caused by the refusal to renew the licence. Mr. (now Lord) Justice Kennedy held in *Ashby's Cobham Brewery* case in 1906 that, in order to ascertain this value, it was material to inquire into the question as to what price brewers (who are amongst the possible purchasers in the

open market) would be willing to pay; and that, as such price would depend on the profits which they might fairly expect to make by the supply of liquor to the premises, the quantity and quality of the trade previously done by the house under normal conditions was a material element in the calculation. But he also held that there could not in addition to the brewers' profit be taken into consideration the possible profit which the tenant might expect to make by retailing the liquor so supplied. The Act established a Compensation Fund to be vested in the Quarter Sessions for each county or county borough, to which the holders of all existing on-licences were the sole and compulsory contributors at rates prescribed by a scale set out in a schedule to the Act. On the grant of a new licence after the passing of the Act, licensing justices were to impose such conditions, as they should consider necessary, to secure the monopoly value to the public.

The Act of 1904 was strongly opposed by the Liberal Opposition, who declared that upon their accession to office a repealing Bill would be introduced. The Licensing Bill, 1908, introduced by Mr. Asquith on February 27, 1908, was designed to fulfil this declaration. It contained provisions for the compulsory reduction within a period of fourteen years from April 1909 of on-licences upon a uniform scale operating throughout the country, and based upon a ratio between licences and population. Mr. Asquith estimated that the suppression of from 30,000 to 32,000 licences, *i.e.* about one-third of the whole number, would thus be effected. A Licensing Commission was to be established, to consist of three members, charged with the duty of ensuring the systematic reduction of licences by the justices. Compensation was to be paid on the extinction of licences during the period of fourteen years, and, subject to this provision, the discretion of the justices as to renewal and transfer of all on-licences was restored. The Compensation Fund was still to be levied from the trade as under the 1904 Act. It was no longer to be levied by a rate imposed by Quarter Sessions, but was to be vested in the Licensing Commission, and was to be raised by charges imposed by them in each year of the reduction period on the holders of all old on-licences in England and Wales at such rates (graduated according to a scale set out in the schedule to

the Bill) as they might consider necessary. A change was made in the method of computation. The amount payable as compensation was to be such sum as would purchase (with interest at 4 per cent.) an immediate annuity for the unexpired years of the reduction period equal in amount to the annual value of the licence, which annual value was to be the sum by which the actual annual value of the licensed premises (as adopted for the purpose of Income Tax under Schedule A) exceeded the amount which the Commissioners of Inland Revenue should determine, for the purposes of the Act, to be the annual value of the premises, if unlicensed. To this were to be added such sums as the Commissioners of Inland Revenue might think just to add as compensation for the licence-holder's loss of business, and for any depreciation of trade fixtures arising by reason of the refusal to renew the licence. A fourteen years' time limit was imposed, the effect of which would have been that, at the expiration of fourteen years, the renewal of an existing on-licence would be granted only on the same terms as a new licence, *i.e.* on payment of the monopoly value. The Bill contained a number of other provisions as to off-licences, clubs, prohibition of the grant of new licences, closing on Sundays and election days, and the *bonâ fide* traveller regulations, and also special provisions affecting Wales.

The following speech was delivered on February 27, 1908, in the course of the debate on the first reading of the Bill.]

MR. SPEAKER, SIR,—In spite of the speech of the hon. gentleman,¹ I confess that I do not share his surprise or indignation at the nature of the proposals which the Government have submitted to the House. On the contrary, any one who read the speeches which were made by the leaders of the Opposition at the time my right hon. friend² introduced the last Licensing Bill would have been able to forecast with accuracy what the nature of the plan of the present Government

¹ Mr. Bottomley.

² Mr. Balfour.

would be in regard to licensing reform. The Opposition of that day founded themselves upon certain facts and certain inferences which they drew from those facts. I maintain that those facts and the inferences drawn from them have been proved by the experience of the last three years to have no foundation at all. We have heard the Chancellor of the Exchequer,¹ in introducing the Bill, say that, without putting precise figures, he would take £100,000,000 as representing the capital value of the licences of the country. An hon. member opposite put forward as an alternative figure £300,000,000. But will it be believed that the present Lord Chancellor,² at the time of the introduction of the last Bill, said that—

“If the discretion of the justices is to be limited, if compensation is to be provided for licences to be suppressed, as this Bill proposes, the value of all the licences proper which is estimated to-day at £300,000,000, and which I believe to be below the mark, would be £600,000,000 the day after the Bill is passed.”

Is there any man sitting on that side of the House who will say that the assumption on which that prediction was based has not been falsified by the events? The extravagant statement that the value of brewery shares would be doubled in a comparatively short time has also been falsified. The hon. member for Spen Valley³ indulged in a disinterested and high-minded eulogy on His Majesty's Government, which must have been very gratifying to them. The hon. gentleman said in

¹ Mr. Asquith. ² Lord Loreburn. ³ Sir Thomas Whittaker.

the debate on the last Bill that he put the value of licences at £150,000,000.

Sir THOMAS WHITTAKER: I did not.

Mr. F. E. SMITH: I certainly had the impression that the hon. member stated so in the debate, and I will give him my authority; but, of course, if he says he did not, I accept his statement. A few days ago, however, the hon. gentleman, writing to the *Times*, put the present value at £100,000,000, and I will take that statement. I venture to lay before the House a proposition which every one will accept. There has been, during these few years in which we have had an opportunity of testing the Act of my right hon. friend,¹ a constant tendency, namely, that—I do not say by reason of the Act but since the Act—brewery securities have depreciated in value far more rapidly than any other class of security. At the present moment no expert valuer will come forward—nor can any temperance reformer cite such an authority—and deny that there has been a great depreciation of the value of licences since the time when my right hon. friend² introduced his Bill. I refer the House to a quite impartial organ, the *Statist*, which gave statistics on this question. It took seventy-eight typical companies as fairly representing the largest and most prosperous brewery companies in the kingdom, and it found they had a total capital of £90,000,000. Of this £41,000,000 were debentures, £25,000,000 were preference shares, and £23,000,000 ordinary shares. The net profit on that total sum of £90,000,000 was

¹ Licensing Act, 1904.

² Mr. Balfour.

£3,556,000, the return varying between 5 and 9 per cent., a very considerably lower interest than the interest which was shown in respect of the same companies in the previous five years. If it is true that we corruptly introduced a Bill which has endowed the brewers, will any one, in the course of this debate, inform us why every brewery security has depreciated, and why the total value of licences is smaller than it was at the time that so-called Endowment Bill was introduced? These facts are not consistent with the case put forward in the House and in the country at the time when the last Bill was introduced.

But that was not the only prediction with which that Bill was met. We were also told on every platform and in this House that the Bill which we were introducing would not have the effect of diminishing the number of licences. We do not hear much to-night of that reckless prophecy, although I do not fail to observe that many of the same hon. members are still in the House. So vehement was the protest which was raised on those benches, that my right hon. friend¹ was actually interrupted in the course of his speech, as the pages of *Hansard* will show, when he ventured to predict that the result of his Bill would be at once to diminish the number of fresh licences granted, and to increase the speed with which licences were reduced. He was received with such dissent from those benches, that he had to ask the indulgence of hon. gentlemen opposite to allow him to proceed.

What are the facts? They deserve a little more

¹ Mr. Balfour.

attention than the Chancellor of the Exchequer¹ or any other speaker has given them. During the eight years before the Act,² the average annual number of new licences granted was 218. That was a rate of increase tolerated by temperance reformers, and, indeed, sanctioned by those justices in whom you have such confidence, and I may point to the inaction of the Liberal party, who had an opportunity in office of showing whether they knew any better method of reducing the grants of such licences, but who did nothing to prevent the grant of new monopolies. I have given the figures of the new licences which were granted before the Act, 218 a year. I take the three years since the Act, and the annual average was fifty-six. So far, at any rate, the temperance measure introduced by my right hon. friend³ very considerably reduced the number of new licences granted, and, for the first time in our history, secured the monopoly value to the State without injury to any one.

Now let us take the case as far as the renewals of old licences are concerned. From 1894 to 1902 the average annual reduction of old licences of all kinds was 296, but from 1902 to 1904 the annual reduction was 644. The Chancellor of the Exchequer¹ founded some observations upon that circumstance and said that the licensing justices were then beginning to show for the first time that they were prepared to refuse the renewal of licences on the ground that they were not required by the neighbourhood.

¹ Mr. Asquith.² Licensing Act, 1904.³ Mr. Balfour.

Mr. ASQUITH: I said it was one of the reasons for introducing the Bill.

Mr. F. E. SMITH: I do not dissent from that statement, and I may venture to remind the right hon. gentleman of another reason for introducing the Bill, namely, that representations were made to the Government by no less than 100 licensing benches in the country, that, while the sense of injustice occasioned by the uncompensated withdrawal of licences prevailed, it would be impossible for them to refuse licences which had been granted in the well-founded expectation of renewal. I take the figures for the two years 1903 and 1904, in which the reductions were 644. I then take altogether the averages from 1894 to 1904, which gives the House a ten years' average, and shows what extent of reduction was found practicable, before my right hon. friend took the matter in hand. In these ten years the average reduction was 359. What are the figures since this Brewers' Endowment Act, which, according to hon. members opposite, struck so deep a blow at the heart of temperance? The figures since the Act, for 1905 and 1906, show an average of 1305; while in 1907, 1507 licences were referred for compensation. These results compare favourably with those that previous temperance reformers have been able to effect. Who says that that was not an Act in the direction of temperance? I followed the speech of the right hon. gentleman¹ with all the care that I was capable of giving to it, and I very much wish that he or some one else would tell us in

¹ Mr. Asquith.

figures what is their estimate of the desirable annual reductions in these licences. Does he think that 1500 licences a year is an adequate and satisfactory reduction in the number of licences?

Mr. ASQUITH: Yes.

Mr. F. E. SMITH: The right hon. gentleman assents. Let me consider that view with reference to the total number of licences in this country. The right hon. gentleman said that there were 95,000 licences in this country. We do not share the right hon. gentleman's prediction, which is not founded upon facts, that the diminution in the number of licences will not be sustained. Such predictions are of very little weight with us, for the right hon. gentleman was one of those who told us that our Bill would produce no diminution at all. We are faced with the fact that there are 95,000 licences in this country. If reduction is made at the rate of 1500 a year, in twenty years, a very fleeting period, as the hon. member for Spen Valley¹ has reminded us, in the social evolution of the nation, 30,000 licences will have disappeared. That is to say, one-third of the total number of licences in the country will go in twenty years without injury to any one. I need not remind the hon. gentleman¹ of what the result would be at the end of forty years, but if the process were continuous, the necessity would arise in time for creating new licences all over England.

I now come to consider what is after all the Achilles' heel of this Bill. The Government have bound themselves and their followers to one

¹ Sir Thomas Whittaker.

solution only of the temperance problem, and their solution is that if you reduce the facilities for obtaining drink, you will, at least to some extent, have solved the drink problem. I am doing no injustice to the Government, when I say that that is the position of the Liberal party. That position demands one condition precedent before you can say that you are giving it a fair trial, namely, that you should draw no sort of distinction between the nature of the premises to which these facilities are extended. Is this legislation likely to succeed in diminishing the number of premises in the country on which drink can be obtained? I do not think that any one in the House will deny that, if the Government are driven to admit that, side by side with the reduction of licences, there has gone on in the past, and is likely to go on in the future, an increase in the number of clubs, then, on their own theory, this legislation will be a failure. We, however, have never pinned ourselves to this as the one supreme method for dealing with the licensing problem. We have never pinned ourselves to the idea that you must deal with clubs in Pall Mall, and with working men's clubs. It is not our panacea, but it is yours, and if, after this Bill, you have made no progress in reducing the number of clubs in which drink can be obtained, then your Bill will not be worth the paper on which it is written.

What has the Government done in regard to the reduction of clubs? When I listened to the heroic words with which the right hon. gentleman¹

¹ Mr. Asquith.

heralded the proposals of the Government, I thought, "Here at last we have a strong man. Here at last we have one who has the resolution to wrestle with a great problem." The right hon. gentleman reminded us of what he has said outside the House, that it is idle to effect or to try to effect temperance reforms by preventing the sale of intoxicating liquor on licensed premises, if you continue to afford facilities for drinking in clubs. What fresh control—commensurate with his purpose—does he propose to apply to these institutions? The only important change that he is introducing is to make the registration of these clubs annual instead of being made once and for all. I am sure that no more futile method of dealing with clubs was ever put forward. How far does this lame conclusion lag behind his stirring preface! What was said when the 1902 Bill was introduced by the late Lord Ritchie—Mr. Ritchie as he then was—when members of the House made suggestions in regard to this annual registration? Mr. Ritchie said—

"We regard registration as almost purely ministerial. I do not think it would be right at all to say that the registration should not take place until the registering authority was convinced by re-inspection that the club was a club properly conducted. It would be almost giving to the club a licence, which is not what we desire to give. We regard registration as almost purely ministerial."

So that what the right hon. gentleman¹ has done is to cause the Pall Mall and other clubs once

¹ Mr. Asquith.

a year to do a purely formal act of registration, which gives no one any control over them, and gives no guarantee that their number will not be multiplied. That is a great revolution. Mark what the position is. The whole Liberal position is that you cannot deal with the drink traffic unless you suppress the places in which drink can be obtained. What are the differences between the club and the public-house to-day? Public-houses pay a very large licence duty. That is point number one. Clubs pay a registration fee of five shillings. Perhaps the right hon. gentleman will make them pay a fee of five shillings every year.

Mr. ASQUITH: I am considering that.

Mr. F. E. SMITH: That fiscal change will happily represent the value of the right hon. gentleman's reformation. In the second place, public-houses contribute to the compensation fund, but clubs do not. Lastly, licensed premises are licensed by the justices who see that they are suitable, and are also subject to constant police supervision, while clubs are not. The Government is willing to leave these clubs in every town in England, and they may grow up next door to the licensed premises which they propose unjustly to suppress. They are to be allowed to grow up without any restriction, except the trivial change which the right hon. gentleman is making.

Mr. ASQUITH: It is not a trivial one. The hon. gentleman did not do me the honour of listening to my statement. The object of the annual renewal of registration is not merely to go

through a repetition of what is purely ministerial. That would be pure folly. The object of the annual registration is to enable anybody to come forward who is so minded and raise an objection to the registration being renewed, amongst other grounds, on that of the premises being mainly used as a drinking club.

Mr. F. E. SMITH: I was not saying anything about misconduct or drunkenness. It is somewhat surprising that the right hon. gentleman should not perceive the nature of the case which I am trying to make against him. I am not at the moment saying that any one of these clubs is a drinking club. I do not now argue that point. Many of these public-houses which are being suppressed are not drinking shops. The comparison is made between well-conducted public-houses and well-conducted clubs. The case which is made against the right hon. gentleman is this, that he comes before the House of Commons and the country and says: "We are about at last to effect temperance reform, and the way we propose to do it is not merely by closing drinking shops, but also, on the mere ground of redundancy, perfectly reputable licensed premises, where drink can be obtained under respectable conditions." Side by side with that he will permit the survival, and sanction the creation of clubs where the people, who previously used to drink in public-houses, can go and obtain as much drink as they want. The right hon. gentleman does not in any way deal with that proposition when, he says that any person can come forward and say that they

are drinking clubs. I am not saying that they are mere drinking clubs, but I say that they are clubs in which drink can be obtained. The right hon. gentleman has prepared an elaborate scheme which will cause the greatest injustice and hardship throughout the country, and at the same time he gains nothing, for he permits the survival of institutions in which drink can be obtained with the same freedom as it can in public-houses.

I proceed to consider the time limit. I gather that every member on the other side of the House has rather marvelled at the moderation of the Government in allowing the licensed victuallers so long a period of time. The hon. member for Spen Valley¹ has indicated what his view is of the means by which this time limit may be made effective for the purpose of securing full compensation to the publican. He suggested the other day, in a letter to the *Times*, that the publican, by affecting the quality of his beer, might be able to effect economies, which would protect him against such a time limit. If the hon. member will come to my constituency and recommend this particular argument, that the publican should in effect extend the time limit by watering his beer, some of my supporters will listen to him with great interest, and no doubt other constituencies will also do so. What is surprising in the attitude of the right hon. gentleman,² is that he has not given the slightest evidence that he has based this time limit on any actuarial basis at all, when,

¹ Sir Thomas Whittaker.

² Mr. Asquith.

surely, from the beginning to the end, the problem is actuarial. One cannot judge of the reasonableness of the figures brought forward by theories or prejudice, but you can test their application in relation to representative companies, and see whether such proposals would or would not be unduly oppressive to the individuals who are either members of a partnership or shareholders in a company.

I have taken some little trouble to obtain figures, which will, I think, astonish those members of the House who advocate a short time limit, because they show what very remarkable consequences will follow from it. The figures which I give to the House show the annual amount required to be set aside, taking the rate of interest at four per cent., in order to provide the estimated value attaching to the licences in the event of a time limit, first of ten, then of fifteen, and then of twenty years. I think it better to take three figures, because the Government only deals with one, and because, if this Bill makes further Parliamentary progress, the time limit will undergo considerable modification. This statement that I have deals with fifteen representative companies, and I am quite prepared to give privately to any hon. member, the names of the companies, and the figures and calculations which I now offer to the House. I hope the House, however, will take it from me that they are fifteen of the largest, most reputable, and best known brewery companies in London and the provinces, and I wish to show the extent to which a time limit, such as is proposed in the present Bill, will

prejudice the companies and the small investors who have taken an interest in them.

The annual profits of these fifteen companies amount to £1,227,123. This figure, it should be noted, is arrived at before deducting the compulsory levy to the compensation fund, because it was assumed that this levy would not continue to be raised during the currency of the time limit—at all events not at the full rate. If I deduct from this aggregate profit of £1,227,123 the annual sum required to be set aside to provide for the estimated value attaching to the licences, on a ten years' basis the whole profit would be exhausted and a loss of £615,907 would be incurred. On a fifteen years' basis, the profit left would be £122,047, and, on a twenty years' basis, the profit left would be £484,039. The sums distributed in dividends by the fifteen companies during the past year were, approximately, on preference shares, £645,274, on ordinary shares, £424,631, making a total of £1,069,905. It follows, therefore, that upon a limit of ten years no dividend would be paid to the preference or ordinary shareholders, and there would be a deficiency of £615,907 in the payment of debenture interest. Upon a limit of fifteen years, the preference shareholders would receive less than one-fifth of the dividends distributed during the past year, and the ordinary shareholders would receive nothing. Upon a limit of twenty years, the preference shareholders would receive about three-fourths of the dividends distributed during the past year, and the ordinary shareholders would receive nothing.

I will take the figures of an individual company, and I hope the House will not think them uninteresting. The profit, including compensation levy, is, say, £125,000. Upon a ten years' basis, the whole profit would be exhausted, and a loss of £107,552 would result. Upon a fifteen years' basis, the whole profit would be exhausted, causing a loss of £14,438. Upon a twenty years' basis, there would be a balance of profit of £31,238. What is the position? It will be observed that, upon a time limit of ten or fifteen years, the debenture holders would lose their interest, and, upon a limit of twenty, the preference shareholders would receive about one-half the dividend distributed during the past year, and the ordinary shareholders would receive nothing as against three and a quarter per cent. last year. I venture to ask the House to consider whether, in view of those figures, they will be able to commend the time limit to the people of this country. The Government should consider with what arguments they will recommend and justify their proposals to the small shareholders—poor people who have invested in licensed securities with the same well-guaranteed confidence as they invested in railway securities. ["Oh."] If that is challenged, let hon. gentlemen carry the quarrel to the country, and we shall be prepared to meet them on the clearly defined issue of whether there is some special right entitling the Government to deal with investors in debenture stock in licensed securities in a different way from investors in railway securities. That is a quarrel clearly defined, and we will gladly carry it to the constituencies.

What is the result of this time limit? Temperance reformers for years have been urging the importance of licensees being men of respectable character, and of the buildings being maintained in a high condition of sanitary efficiency. No sensible person will deny the necessity of bearing these objects constantly in mind. Now by their time limit they withdraw from the owners any interest in maintaining the character of the licensee or the suitability of the building. Mr. Speaker, Sir,—I make a confident prediction that this Bill will never become law. The Government profess to take away licences, and so to reduce the facilities for obtaining drink—on public grounds—but they only interfere with those facilities when they are enjoyed by their political opponents. They leave them untouched in the clubs of their political supporters, and they sedulously protect the monopolies of their grocer friends. Happily, it is still true that England will not submit to the tyranny of faddists. I am reminded of a statement made by John Stuart Mill, who was quoted with approval last night from the benches opposite. He says—

“The limitation of beer and spirit houses, with the express purpose of rendering them difficult of access, is suited only to a state of society in which the labouring classes are treated as children or savages.”

Hon. gentlemen have listened in one week to the introduction of two highly controversial Bills, and, in the present one, the Government have introduced a Bill in which they treat the working classes as children or savages. Let me read to them four

lines from the poet Gray, which those who sit opposite to me may hereafter recall—

“Alas! regardless of their doom,
The little victims play;
No sense have they of ills to come,
Nor care beyond to-day.”

XI.

THE LICENSING BILL, 1908.

April 29, 1908.

[The following speech was delivered in the House of Commons on April 29, 1908, in the course of the debate on the second reading of the Licensing Bill, 1908. The provisions of the Bill are shortly summarised in the prefatory note to the preceding speech (p. 143).]

MR. SPEAKER, SIR,—The hon. and learned gentleman¹ has made at least one valuable contribution to our debate. Those who have admired at a respectful distance the strategy which has determined the policy of the Government in introducing this particular Bill, have been not a little puzzled to determine what motives induced them to bring it forward, and to persevere in it with such determination. We have now learned the reason in an illuminating sentence from the hon. and learned gentleman,¹ when he informed us that every public-house is a committee-room for the Tory party. This is really penetrating to the heart of their determination.

Sir SAMUEL EVANS: I did not say every public-house; I said every tied house. [Opposition cries of "No."]

¹ Sir Samuel Evans.

Mr. F. E. SMITH: I quite accept what the right hon. gentleman states, but even putting it in the limited form that every tied public-house is a Tory committee-room, if the hon. and learned gentleman is correct in saying that these houses are arrayed against him, it is quite sufficient to explain the zeal with which this Bill is being pressed forward. The motives of the moral reformers would appear to be not entirely unmixed.

The hon. and learned gentleman asked a question which those who speak on that side of the House are never tired of putting, and which they seem to think is, in the nature of the case, unanswerable. He asked: Are we on this side of the House under any circumstances in favour of the policy of a reduction? And then we are confronted with a supposed inability to answer, and a dilemma is framed for us in the assumption that we are not in favour of that policy. In order to point the triumph, we are asked: How do you justify your introduction and support of the 1904 Act? I should have thought that the answer to that is obvious. The answer is that under the 1904 Act we left the local justices, who have a knowledge of each particular locality, to judge for themselves and of their own unfettered discretion, whether that particular locality did or did not, on a consideration of its individual circumstances, suffer from a redundancy of licensed premises. Do you put forward that discretion as comparable in any degree with a proposal for the automatic reduction of licences on a scale and under circumstances to be ultimately determined by three strangers in London? If you do, it shows that

you are utterly incapable of appreciating the principles on which the 1904 Act depends. When I spoke on the First Reading of this Bill, I said that the country would never draw a distinction between railway investors and investors in licensed property who have bought their stock on the open market. I remember that, when I ventured to make that observation, it was treated as a most exquisite piece of humour. I do not know whether it appears to the supporters of the Government that the humour has been much in evidence during the last few weeks, when opportunities have been given of presenting our views of the Bill to the country, and of eliciting in turn the opinion of the country upon it.

Let me ask—What is the answer to the suggestion that, so far as the purchaser of brewery stock upon the market is concerned, he is entitled to the same protection on the part of the State as the purchaser of railway stock? Only one answer has been attempted in the whole course of the debates, and it is that, in the case of the holder of licensed property, you have, in form at least, a yearly licence. The moment you say that the annual value is not the measure of what such person possesses, you give away the whole case. One has only to look at this question. If it be true that one year is the measure of the interest, why do you give a fourteen years' time limit? Why squander thirteen years of the nation's monopoly, of which they have been too long deprived by interested persons? Why postpone the happy moment when the country will repossess itself of that which it ought never to have lost?

[Ministerial cheers.] There are many hon. gentlemen opposite who think it ought to be done at once, at the end of a year. Fortunately, for many reasons, they are not in the majority, and the majority are rather committed to the view that you cannot accept the principle that the interested persons, having these interests, are limited to a single year. If they are not limited to a single year, how are you going to determine the extent and duration of their interest? Is it pretended that a fourteen years' time limit is based upon any actuarial calculation, which can be tested? And here let me point out to the hon. and learned gentleman¹ who said that there never was a statutory right, that he passed by with significant reticence the case of the ante-1869 beer-houses—let me point out that, so far as the ante-1869 beer-houses are concerned, they had that very statutory right, on the absence of which you have again and again insisted as the only justification for any confiscation at all. When the question is asked how it was that these houses ever obtained this privilege, the answer is that until the year 1870 these beer-houses were allowed to sell beer without obtaining a licence from the justices, simply in virtue of the enjoyment of an excise licence. In that circumstance Parliament recognised a vested interest, and thought it expedient to deal with them in the 1870 Act with the tenderness which was due to an interest which had become vested.

So far as the ante-1869 beer-houses were concerned, it was therefore provided that these licences should never be taken away except for

¹ Sir Samuel Evans.

one of four causes. I can summarise generally the character of these causes, by saying that every one of them was concerned directly or indirectly with bad character or bad conduct on the part of the licensee, so that, until the 1904 Act was introduced, it was the fact that no less than one-third of the licensed premises in the country, or those, at least, among their number which had retained a good character, had an indefeasible statutory right to renewal. What is really the relation of the Government to them? They say that in 1904 Parliament interfered with that statutory right of renewal. Is the suggestion brought forward that, having taken away in 1904 for good and valuable consideration this absolute statutory right of renewal, we are entitled in 1908 to say that we shall continue to take them away on the basis of the illusory compensation which we now substitute? The hon. and learned gentleman,¹ with a great show of indignation, says that there never was a bargain made. I agree, but there was an implied undertaking based upon the honour of this House. [Ministerial cries of "No."] If this which had statutory sanction at that time, four years ago, is taken away, the privileges which were substituted and which were the basis of the Parliamentary arrangement should not also be taken away. The hon. and learned gentleman¹ does not appreciate this ethical suggestion. Does he seriously suggest that there is any distinction to be drawn between the case of a man who, before 1904, invested his money in a beer-house and the

¹ Sir Samuel Evans.

case of a man who invested his money in railway stock? Will anybody on that side of the House tell us how the investor in an 1869 beer-house could possibly suppose that he was investing in a precarious property, when one-third of the licensed premises of the country were of that class, possessing a character and value expressly given to them by the authority of Parliament? Where was the precariousness? Where was the unwisdom of speculating in it? What is your right four years afterwards to say: "We will give you a fourteen years' time limit"? That is the case as far as one-third of the licensed premises are concerned, and I wish to ask hon. gentlemen to consider the case of the other two-thirds. When once the yearly argument is given up, as it has been for the purposes of this Bill, the only problem which presents itself for solution is—What is the tenure which the State encouraged the investor to accept? Let me remind the House that a very authoritative document exists on that point—very much more authoritative than many of those, which are quoted with approval by hon. gentlemen opposite.

In 1890 the Commissioners for Inland Revenue were requested by the Chancellor of the Exchequer to prepare a memorandum upon the death duties dealing with licensed premises, in order that doubts might be allayed as to the principles on which they were assessed. An official report was presented by the Commissioners for Inland Revenue, and I venture to ask the attention of the House to that report. Dealing, first of all, with the case of the death of a leaseholder publican, the Commissioners said: "It

is assumed always that the licence will continue indefinitely to be renewed." Then, dealing with the death of a free-holder publican, they continue : " The annual value of the House is treated in the succession duty account as permanently enhanced by the licence. The annual values are capitalised for the whole life of the successor on the presumption that the licence will so long endure." We may have been wrong on this side of the House, licensed victuallers may have been wrong, and the unfortunate investors in brewery shares may have been wrong, but there can be no other explanation of the principle which the representatives of the State deliberately adopted in 1890 for this purpose, except that, in their view, these licences would be indefinitely renewed. Can it be suggested that the ordinary investor was bound to take a sounder view? It is sometimes said that this question was once and for all answered by the decision in the case of *Sharpe v. Wakefield*. That case, properly understood, affords no justification whatever for the proposals put forward by the Government in this Bill. The Court in *Sharpe v. Wakefield* merely decided that the local justices should deal with a licence of a particular house upon particular local grounds, and on the sworn evidence of witnesses as to fact. Is it suggested that that is analogous in principle to the wholesale dealing with licences by gentlemen in London who have no knowledge of the locality? You have only to read the judgment of Lord Halsbury to understand the real meaning of the *Sharpe v. Wakefield* decision. Lord Halsbury said—

“Magistrates must exercise judicial discretion and not by evasion attempt to repeal the law which permits public-houses to exist. Further, the justices would remember that a year before a licence had been granted.”

[Hon. members on the Ministerial benches: “Go on; read the rest.”] That is all I have before me, but nothing which follows qualifies what I have read. I may remind hon. gentlemen opposite that Lord Bramwell said in the same relation—

“The Legislature has most clearly showed that it contemplated that licences would usually be renewed; that the taking away of a man’s livelihood would not be practised cruelly or wantonly.”

Is it suggested that on *Sharpe v. Wakefield*, or on the dicta of Lord Halsbury and Lord Bramwell, you can base the wholesale reduction of licences which is to take place under this Bill? This Bill may be right or wrong, but the less it is founded on the authority of *Sharpe v. Wakefield*, the more likely it is to be successful among those who are familiar with that judgment. Accepting that statement of the effect of *Sharpe v. Wakefield*, and the circumstances are not really disputed, this Bill, whether necessary or not, is a Bill which will cause great and undeserved hardship.

I did not gather that the Under-Secretary¹ last night seriously disputed the position that the Bill will cause great pecuniary loss to innocent individuals. The figures which have been given by Mr. Buxton and Mr. Peat show that, speaking

¹ Mr. Herbert Samuel.

generally, in the case of a large number of prudent and successful breweries, no dividends will be paid on either preference or ordinary shares, and that in the payment of debenture interest there will be deficiencies ranging from £20,000 to £60,000. The Under-Secretary¹ last night attempted to console brewers and investors, by saying that at the conclusion of the fourteen years they would have the sum of £17,000,000, by which they could deal with the losses which are estimated by the hon. member for Spen Valley² at not less than £100,000,000. The Under-Secretary¹ argued that they would be compensated by a sum of £27,000,000, £17,000,000 of which is to come from reserve stock—a large proportion of which is already invested in licensed property. The astounding suggestion was made that the result of the Government proposal would be that £10,000,000 or £11,000,000, which was to be paid by the Government for compensation, would be available at the end of the fourteen years' time limit, as a further contribution to the money necessary to make up the shortage of £100,000,000. The Under-Secretary seems to be totally unaware that the greater part of this £11,000,000 will have been paid during the currency of the fourteen years' time limit.

THE UNDER-SECRETARY OF STATE FOR THE HOME DEPARTMENT (Mr. Herbert Samuel, Yorkshire, Cleveland): I was not using that as a set-off against the 60,000 houses which will remain, but against the loss on the whole 95,000.

MR. F. E. SMITH: What the hon. gentleman

¹ Mr. Herbert Samuel.

² Sir Thomas Whittaker.

says comes to this, that in this sum of £27,000,000 which is to be available to meet the £100,000,000 at the expiration of the time limit—[Ironical Ministerial laughter.] We are constantly told that the number of houses which will remain is to be equal in value to the houses existing at the present time, and that the brewers lose nothing.

Sir THOMAS WHITTAKER: No.

Mr. F. E. SMITH: Then the hon. gentleman should control his enthusiastic supporters in the country, who have been saying that there will be no real loss to the brewers, because the increased value of the houses that remain will compensate for the loss of the monopoly value of £100,000,000. Even if it is not £100,000,000 but £80,000,000, what becomes of the prophecy made by the Lord Chancellor¹ when the 1904 Bill was introduced, that the value of the licensed property would be increased by that Bill to £300,000,000? And now that the falsity of that prediction is exposed, hon. gentlemen say that the monopoly value of the licences is £100,000,000 or £80,000,000. And towards that monopoly value the only sum the Government suggest as available for the relief of the shareholders is £17,000,000, which comes from the reserve fund to-day. Why is the prudent trader to be specially mulcted? Who are hon. gentlemen opposite to lay hands upon the business savings of their political opponents? Why is the prudent virgin to be worse treated than her negligent friends?

Now, if it is undisputed that you are going

¹ Lord Loreburn.

to injure the shareholders to this extent, it is not uninteresting to discover what people are likely to suffer most seriously from these depredations. Take the case of a brewery which has published a full detailed list of its shareholders. Take the case of Meux's Brewery. [Ministerial ironical laughter.] That is received with laughter, an artificial merriment, which does not show much intelligence or discrimination on the part of hon. gentlemen opposite. If I were founding an argument on the way in which Meux had carried on their business, there might have been some point in the laugh; but I am merely pointing out the social and business position of their shareholders. What is the capital of this company? Four per cent. first mortgage debenture stock, £600,000; 6 per cent. second mortgage debenture stock, £400,000; cumulative preference share capital, £500,000; and ordinary share capital, £500,000. The debenture stock and preference share capital, £1,500,000, were issued to and paid for by the public. I invite the House to consider how that £1,500,000, subscribed for by the public, was contributed. [Ministerial cries of "When."] The date of its contribution does not affect the argument. Of this £1,500,000 the members of the licensed trade contributed £8861; business classes, banks, investment companies, £306,951; professional classes, £529,698; trustees under wills, spinsters, married women, and widows, £654,490. [Ministerial cries of "Shame."] Is it not more shameful to rob these people? [Opposition cheers, and Ministerial cries of "Who did it?"] They

expressed no discontent till hon. gentlemen appeared on the scene with this Bill. Hon. gentlemen will agree that their expressed grievance is against the Government and not against anybody else. Is the proposition that, if you find an imprudent investor, you may rob him? All I ask hon. gentlemen opposite is, do they believe, after all that has happened, that the country at large will allow them to inflict this species of pecuniary wrong on these classes of investors?

The Chancellor of the Exchequer,¹ much inspirited by a public meeting in the Albert Hall, says: "If the Government goes down on this issue, it will be with flags flying in a moral cause." The moral cause, I suppose, is that you reduce drunkenness by reducing drinking facilities. If there is any other principle in the Bill, I have failed to discover it. Hon. gentlemen opposite may be right or wrong in their view, but there is no difference of opinion that, if they are about seriously to embrace this moral cause, and pin their colours to the mast of the Bill, it makes no difference at all whether the drinking which they are determined to stop is carried on in licensed premises or in clubs. We all agree with that. It is, then, *ex hypothesi* obvious that it is essential to prevent the growth of fresh clubs, or to reduce the number of those now existing. If your patent medicine is good, it must be applied with impartiality to every class of patient. Let hon. gentlemen opposite reconcile their own remedies, and not come to us for an explanation of them. What did the

¹ Mr. Lloyd-George.

hon. member for Spen Valley¹ say in 1907? He said—

“It is useless to reduce the number of public-houses, restrict the hours of sale, and to facilitate improved methods of management, if clubs are allowed to spring up in all directions.”

And the hon. gentleman, and many other members of this House, still think so; but let me tell them that, accepting their principles, this Bill, in the treatment of clubs, is a fantastic imposture, so long as each coterie of individuals now meeting in a public-house is still at liberty, when displaced under the Bill, to form a club. I do not say that the increase of clubs is mischievous, nor do I express an opinion that England will tolerate their suppression. This is a problem to be solved not by us but by you. It is your case that it is mischievous, and what are the figures? In 1887 there were 1982 clubs; in 1896 there were 3655; in 1903 there were 6371; in 1904 there were 6468; in 1905 there were 6589; in 1906 there were 6721; in 1907 there were 6907; and in 1908 the number was 7110.

The hon. gentleman¹ will see that in the last twenty years clubs, in which drink is sold, have increased from 1982 to 7110. But that does not exhaust the growth of clubs, because, as the chairman of the Durham sessions pointed out the other day, there was an increase of 2000 persons in the membership of the clubs in their area, although there was no increase in the clubs. The clientèle of the clubs is, therefore, gradually growing out of

¹ Sir Thomas Whittaker.

proportion to the total number of clubs, and I challenge any hon. member who follows me to show one word or one line in the Bill, which prevents the indiscriminate multiplication of clubs, which are not mere drinking shops. We are not dealing with drinking clubs, or public-houses that are mere drinking houses; we are dealing with public-houses, many of which have a thirty years' good character, and with clubs, doubtless perfectly well conducted, but in which drink can be obtained—the sort of club which the Solicitor-General¹ would say the working-man could not pass, without having a thirst. Let us hear no more of your provisions for dealing with badly conducted clubs. We must compare like with like. On your own theory, the provisions of the Bill are farcical.

It is so important that this should be exposed, and the exposure goes so directly to the heart of the Bill, that I make no excuse for asking the House to consider what is the existing law in regard to clubs. Under the Licensing Act of 1902, the clerk of every petty sessional division has to keep a register with details of the club. Under subsection 3, a return must be made every January, and, under subsection 4, the secretary of the new club must furnish a return. Under section 26, if drink is sold in an unregistered club, the penalty is a month's imprisonment or a £50 fine. Under section 28 of that Act, a club may be struck off the register on the complaint of any person, (a) That it has ceased to exist, or has less than twenty-five members; (b) that it is not con-

¹ Sir Samuel Evans.

ducted in good faith as a club, or that it is kept for an unlawful purpose ; (*c*) that there is frequent drunkenness there ; (*d*) that there is illegal sale of intoxicating liquors ; (*e*) that non-members habitually resort to it for the purpose of obtaining drink ; and (*f*) that it occupies premises within twelve months of their being licensed premises. That is the state of the law when the Government introduce this Bill to deal with a great and growing evil, the solution of which is admittedly essential to their moral panacea.

What does this Bill do? By section 36, registration is to be annual, instead of an annual return being made. Under section 37, any person may lodge objection to the registration of a new club, or the re-registration of an existing club, on the ground that it is used mainly as a drinking club, as well as on the grounds which I have already read as being included in the Act of 1902. Where is the clause which prevents the springing up of new clubs, or prevents the opening of a drinking club four doors lower down than the public-house, whose licence you have taken away? On this club question my views are entirely independent, because I am proud to say that in Liverpool, the complexion of which has been Conservative for many years, there is no single working men's club, where drink can be obtained to-day, or has ever been obtained ; but I ask hon. gentlemen opposite, who hold strong moral views on this subject, what they think of the position of their colleagues who represent London constituencies. I do not hesitate to say that, sitting cheek by jowl with these moral reformers, are men

who owe their seats in this House to the exertions of political clubs, which, although they are not drinking clubs, are places where drink is supplied with the same facility with which it is supplied in public-houses, and where it can be obtained at hours when public-houses are closed, as well as on Sundays. They deserve careful study.

Take, for instance, the case of Walthamstow Liberal and Radical Club. I believe the hon. member¹ who represents Walthamstow is a convinced supporter of this Bill, and is in favour of Sunday closing. How are his supporters generating their zeal on his behalf, and amusing themselves on Sunday mornings at the Walthamstow Liberal and Radical Club, Buxton Road, High Street? Here is the programme of a Sunday morning variety entertainment: Young Smiler; Dora Dalby; The Campeons; Sam Williams; Daisy Reed; Chan C. Roberts. On Sunday evening, there is George Elmer's Company in the up-to-date military comedy "The Major." Then what do we find in the constituency of the Parliamentary Secretary to the Admiralty,² who played a conspicuous, though hardly a successful, part in the Peckham election? At the North Camberwell Radical Club, we find entertainments are going on in precisely the same way. The Parliamentary Secretary is the President of the Club, and I would suggest to the Government that the President, instead of the Secretary, shall pay the fine of £20 for which the Bill provides, if drunkenness is proved on the premises, and reasonable care is not shown. There

¹ Mr. J. A. Simon.

² Mr. T. J. Macnamara.

will be much more chance of obtaining the money, and, as a salutary example, the effect will be much greater. What do we find in the Camberwell Club? That club advertised: "Sunday morning, lecture upon the Principles of Malthus. Sunday afternoon, musical comedy, 'The Hypocrites.'" How does this champion, this convinced advocate of the cause of effective moral reform at the admitted expense of investors, deal with this matter, when assailed in the Press? He wrote a letter to the *Daily Telegraph*, in which he said that, if the parson could not compete for his patronage with "Iolanthe," so much the worse for the parson. Hon. gentlemen opposite cannot afford to deal with the clubs. They dare not. Their political lives are not worth a moment's purchase if they do. The explanation is, that, in dealing with the English people, you are dealing with a strong, virile race. The reason why you cannot compel them to reduce their clubs, and why in this Bill you shrink from dealing with them, is that you know that the people in a democratic country will not allow you to do it, and, when you admit that in connection with the clubs, you have driven the last nail into the coffin of the present Bill.

The Chancellor of the Exchequer¹ talks about going down with all the ship's flags flying. The ship, Mr. Speaker, is the ss. *The Whited Sepulchre*, and has the "Jolly Roger" flying from the mast. The Chancellor of the Exchequer¹ said he would rather lose fifty seats, than win one by such means as those by which Peckham was won, and hon.

¹ Mr. Lloyd-George.

gentlemen signified their agreement with that statement by shouting out when the new member, a teetotaller, entered this House, "The voice of beer." Where is the evidence of the drunkenness which, it is said, existed at Peckham? Where is the petition that ought to have followed? Are the party funds depleted? There were only two convictions of drunkenness on the day of the election at Peckham. In one case, the gentleman charged explained that he was really developing a Free Trade argument, a defence which was unsuccessful; while, in the other, the person, a lady, was a stranger to Peckham, and had been the heroine of similar adventures elsewhere. That was the only drunkenness that took place at Peckham. Was Manchester won by a campaign of debauchery?

Hon. gentlemen know perfectly well that I am not repeating these victories we have won, to make in this House a cheap party score. I only refer to these elections, in order to press on the right hon. gentlemen opposite the probability that the experiences in these constituencies will be repeated all over the country, as long as this Bill is persevered with. It is certain that it will be so, because the country is not convinced of the honesty and integrity of the Bill. You are under a great delusion, when you think that you are great moral reformers, and that that is the cause of these reverses. Hon. gentlemen opposite will do well, if the Bill is to be persevered in, to play a losing game with more decency and self-respect, for they will be given an opportunity of exhibiting dignity in adversity in Opposition.

The democratic party, when successful at the polls, praises the people as the supreme repositories of political wisdom. Their lips are full of mandates. When defeated, they point to the crapulous dupes of an odious trade. Hon. members opposite should turn from this misconceived measure to the music-hall *bonhomie*, and the unrestricted conviviality of those Radical clubs, to which they owe their present opportunities for mischief. If they do that, history will not indeed say they were moral reformers, but, at least, it will not record of them that, looking in the clouds, they scorned

“The base degrees
By which they did ascend.”

XII.

THE FIRST EDUCATION BILL OF 1908.

May 19, 1908.

[The following speech was delivered in the House of Commons on May 19, 1908, in the course of the debate on the second reading of this Bill, a short summary of the provisions of which is given in the prefatory note to Speech IX. (p. 127).]

MR. SPEAKER, SIR,—The hon. member who has just sat down¹ has made a solid and weighty contribution to the debate, and I believe he was the first speaker in any part of the House to give unqualified support to the Bill, on which the House is about to divide. As far as we on the Opposition side of the House are concerned, we are placed in a position of some difficulty by an evident disposition on the part of members on the other side of the House to accuse us of disinclination to compromise on any terms. It would, indeed, be a serious indictment, if it could be truly said that we had barred and bolted the golden gate of compromise; but, in the position that presents itself to us and to the country at the present moment, we are bound to reflect that the second reading of this Bill represents a definite step in the deliberate and definitely

¹ Sir J. Compton Rickett.

adopted policy of the Government. We have had, in the course of the last few years, repeated statements of that policy; but in none of these—not even in the introductory speech of the First Lord of the Admiralty¹—was any conciliatory proposal to be found. It will be within the recollection of the House that the First Lord of the Admiralty,¹ when introducing his first Bill, said—

“It must not be supposed that this measure is intended in any sense to be a settlement of the education question. After the experience of my right hon. friend the Chief Secretary,² who, in his comprehensive and generous measure of last session, went to the extreme limit of concession, it is obvious that no legislative settlement can be obtained, until the relations between this House and another place have been readjusted.”

That was the view of the Government, that the matter must be postponed to a great constitutional settlement. A little later, the late Prime Minister³ said, when the abandonment of the Bill in question had been announced to the House—

“We see our way to propose that we should undertake next session the great task of putting the educational system of the country in order. . . . It can never have been supposed, I should think by any one, that we should be content to acquiesce in the position of affairs which was left by the House of Lords at the end of last session, and therefore the announcement that in the very earliest session available to us we will deal with the question on broad lines which will be our own lines—this announcement cannot give rise to any surprise. . . . With the immediate intention and prospect of full relief by the

¹ Mr. M’Kenna.

² Mr. Birrell.

³ Sir Henry Campbell-Bannerman.

FIRST EDUCATION BILL OF 1908. 183

adoption of a larger measure I think the best thing is not to proceed further with this Bill."

A few weeks ago the present Prime Minister¹ said in the country—

"The Education Bill to be introduced early in the session would be a short Bill, a simple Bill, and a drastic Bill."

That was his idea of compromise. The First Commissioner of Works,² speaking in the country so recently as the end of March, said—

"The Government Bill was the last word on denominational compromise, and if it was rejected he saw no solution except a rigid secular system."

Though we have heard from every authoritative source on the Government side that no compromise of any kind, except such as is contained within the four corners of this Bill, will be offered by the Government, we are to be arraigned before the bar of the country on the charge of making party capital out of a discreditable quarrel, if we do not come forward ourselves with a constructive programme. So far as the First Lord of the Admiralty³ is concerned, he has said that the Bishop of St. Asaph's Bill is in its main features identical with his own Bill. Having made that amazing statement, the right hon. gentleman suggested that the two Bills might be amalgamated. The first observation it is necessary to make on that proposal, is that the Bishop of St. Asaph's Bill contains in clear and explicit terms three of the very points, insistence on which by the

¹ Mr. Asquith.

² Mr. L. V. Harcourt.

³ Mr. M'Kenna.

House of Lords, rendered the attempted settlement of 1906 impossible. There is, first of all, the point that there shall be right of entry into all the council schools. We were told it was impossible to discuss that. The second point is that teachers shall be allowed to give denominational teaching, and the third point is that there shall be compulsory Cowper-Temple teaching in every elementary school in the country. These being the three points upon which we were told the House of Lords was wrong and unreasonable in insisting, it is a little surprising now to be told that the Bill introduced in another place, insisting on every one of them, is in substance identical with the proposals made by the right hon. gentleman.

On every occasion on which I have ventured to make an observation on the education question, I have again and again, as the member for North-west Manchester¹ did in his maiden speech last night, pointed out the extreme difficulty with which the Government found themselves face to face in the north of England, as soon as these proposals were understood, and I feel sure the House would be glad to know whether, as the result of a fortnight's higgling and wriggling over the education question by the President of the Board of Trade² in North-west Manchester, the views of the Government as to the reception their proposals are likely to meet with in the country have undergone any modification. I venture to ask also for a little more explicit information from the President of the Board of Trade² on the subject of the special

¹ Mr. Joynson-Hicks.

² Mr. Winston Churchill.

treatment of the Roman Catholics, which he was able, at a most critical period of his campaign, to announce to the constituency on behalf of the Government. It is perfectly clear that the right hon. gentleman would not have given those assurances, unless he had been authorised to do so by the First Lord of the Admiralty¹ on behalf of the Government. On that assumption, may I suggest that the right hon. member would have avoided some Parliamentary embarrassment, if he had explained what was the nature of the concession that he proposed to give to Roman Catholics. Will the Minister for Education² say, even now, what is the nature of that concession, in order that I may not inflict upon the House hypothetical figures, which may prove not to be based on the facts as they will develop? Is his view now that Catholics are to be treated in an exceptional way by addition to the grant, or by continuing to them assistance from the rates? Without prying in any way into domestic secrets, I would like to ask him what is the form of the special relief that is going to be given to Roman Catholics. The Opposition have never wavered, so far as I know, in their views on the subject of the position of Roman Catholics; they are strongly of opinion that Roman Catholics are entitled to receive aid from the rates, and, if I desired to state a reason for that opinion, I could find one in the speech delivered the other day by the Chief Secretary for Ireland³ on the proposal to establish a university in Ireland. With the substitution of one single word, "school" for "univer-

¹ Mr. McKenna.² Mr. Runciman.³ Mr. Birrell.

sity," the principle laid down by the Government in that speech is capable of application to the education controversy—

"I challenge the most confirmed and determined Nonconformist in this House. He will find that if he objects to a school simply because it is set up in a country where most of the people belong to one way of religious faith, and as a consequence that religious faith is freely represented on the governing body—if he objects to that his objection is not to my scheme, but to the religion of those people."

I was asked at the election, as I fancy many members of the House were, a question in a somewhat epigrammatic form, which was widely circulated on behalf of the Roman Catholic community: "Will you vote for Catholic teachers for Catholic children in Catholic schools, first, last, and all the time?" The question was not, perhaps, couched in terms of art, but nobody could be unaware of what the real meaning of that question was, and, until the Government tell us what is to be the amount of the grant to be given to Roman Catholics, it is utterly impossible for any one who represents many Roman Catholics, as I do, to deviate from that pledge by giving any support at all to the present proposals. How does this work out? I would specially ask the last speaker,¹ who told us that the one thing which he and his co-religionists desire in this matter is equality of treatment with others, to address his mind to the question of how Roman Catholics and Anglicans, if this Bill passed, would, on the lines of

¹ Sir J. Compton Rickett.

FIRST EDUCATION BILL OF 1908. 187

comparison which I propose to put before him, receive that equality.

What is the position to-day? In London, each council child costs the public funds £6, 10s. Each Roman Catholic child costs £3, 15s., which, under the terms of the present Bill, is to be reduced to £2, 7s. a child. The average attendance at the London Catholic schools is 30,000 children, so that the total amount saved to the rates is £82,500 a year. How is the proposal of the Government calculated to affect the position of the Catholic children in London at the present moment? Mr. Charles Russell, a well-known Liberal, and, as the House well knows, the son of a distinguished Liberal, has prepared some figures, which are certainly not couched in any spirit of animus against the present Government, and which I think the Government will acknowledge to be substantially correct. Taking the two typical dioceses of Westminster and Southwark, the number of schools is 178, and the total average attendance 40,822. The total present expenditure on maintenance is £124,000, or £3, 1s. per head per child. The expenditure in respect of buildings is £23,000, leaving a total expenditure of £147,000. The proposed new grant of 47s. a child as a maximum will produce as a maximum £95,000. That will reduce the income of the Catholic schools in London by £52,000. I take next the case of Liverpool. I have been supplied with figures by some of the constituents of the Attorney-General for Ireland,¹ who gave very definite pledges at the election, which pledges neither by his vote nor by his speeches has he made any

¹ Mr. Cherry.

attempt to redeem. These figures show that in Liverpool the increase would be £12,000 a year. I wish that the hon. gentleman¹ who has just sat down had found it possible to explain on what principle of equality, which he told us was his object, Roman Catholics in London are to pay for their schools £52,391 more than his co-religionists pay, while at the same time paying every farthing which they pay for the rating of council schools. The hon. gentleman found no time to explain how this is to be carried out. I have spoken at some length on Catholic schools because I wish to make it perfectly clear that, so far as I am concerned, and, I think, as far as Protestant Liverpool is concerned, there is every desire that rate-aid should be continued to Roman Catholic schools, both in the interests of fair and equal treatment, and in the interests of educational efficiency. But, of course, we say, at the same time, that rate-aid must equally be given to the Anglican schools of Lancashire. Hon. gentlemen, who represent other parts of the country, will speak for them.

In Lancashire, at the present time, in the urban areas, the voluntary schools contain 350,000 children, and the council schools about 215,000. That is to say, the voluntary schools will have to find 30s. a child for 350,000 children. It comes to this, that three-fifths of the population of this great and growing county of Lancashire are to be thrown into an educational backwater, and all the rates of all the boroughs are to go to the children of the remaining two-fifths. That is the fair and equal treatment

¹ Sir J. Compton Rickett.

which is the ideal of the last speaker.¹ There are in the county 600 voluntary schools in rural areas with 115,287 children in attendance. The local education authorities, taking them in the aggregate, have 85 schools with an attendance of 25,000, and the proposal is put forward as one which Lancashire is likely to accept, that the local education authorities, with their 85 schools, should take over, without one penny of payment, the 600 schools which have been built by the exertions of Church people. I hope the Minister for Education² will find time to deal with the case of Mickleham in Surrey, which the noble Lord the member for Chorley³ cited. In that case the right hon. gentleman² proposes to take the school on the appointed day. He proposes to pay nothing, but merely to allow the managers to use the school on two nights a week, and to provide them with heating and lighting. The school was actually completed last year by Church people at a cost of £2390, with the specific object of avoiding Cowper-Temple teaching, and this school is to be taken over without any compensatory privilege being vouchsafed to the owners, except that they may have Cowper-Temple teaching. I could give many instances of schools built in Lancashire quite recently under the same conditions. Can the hon. gentleman,¹ who opened this discussion, produce any representative, who sits on his own side of the House for an urban centre of population in Lancashire, who will get up and say, that there is any chance of these proposals being accepted in Lancashire? No one who knows the present Secretary to the

¹ Sir J. Compton Rickett. ² Mr. Runciman. ³ Lord Balcarras.

Local Government Board¹ can be unaware that it would be impossible for him, merely because he now holds an office he well deserved, to vote for a Bill which, in his conscience, he thinks is a wrong Bill. Therefore we are, perhaps, entitled to assume that the hon. gentleman has received some assurance from the Prime Minister that, if he does give a vote in this division, that vote will represent merely an academic expression of opinion. It would be quite impossible for him to support to-day a Bill, of which he said only a few weeks ago, "I hope that nobody else will get the credit of destroying it; let us destroy 'the thing.'"

THE PARLIAMENTARY SECRETARY TO THE LOCAL GOVERNMENT BOARD (Mr. Masterman, West Ham, N.): I never said anything of the kind in connection with this Bill. I don't know whether that is important.

Mr. F. E. SMITH: It is very important. I consulted *Hansard*, but if I misquoted the hon. gentleman, I fully accept his disclaimer. The hon. gentleman will not disown the very important statement that he expressed a strong hope, regretting that his vituperative powers were inferior to those of the Secretary to the Admiralty,² that the Bill would be destroyed.

Mr. MASTERMAN: I had every intention of voting for the Bill, when I had not the honour of being a member of the Government—and said so in my speech.

Mr. F. E. SMITH: The hon. gentleman is not singular on that side of the House, in that he is

¹ Mr. C. F. G. Masterman.

² Mr. T. J. Macnamara.

about to vote for a Bill of the most important provisions of which he certainly said he disapproved. The hon. gentleman will not say that he does not hold the view that contracting-out is of the very essence of the scheme. ["No."] Will any one explain what the essence of the Bill is? It is understood that, a certain line of what was humorously called conciliation having failed in 1906, its place is to be taken by the contracting-out clause. If that is not the essence of the Bill, will somebody explain what its essence is? In regard to this proposal for contracting-out, we have said, more than once, that we stand exactly where the Secretary to the Admiralty¹ stood, when he said it was a disgusting proposal.

THE PARLIAMENTARY SECRETARY TO THE ADMIRALTY (Mr. Macnamara, Camberwell, N.): On that occasion the hon. and learned member voted for contracting-out.

MR. F. E. SMITH: I am not sure that the hon. member is right, but in any case it is immaterial.

MR. MACNAMARA: But here is the division list.

MR. F. E. SMITH: I quite accept the hon. member's statement, but as an alternative to what did I support contracting-out? At the time, the Minister in charge of the Bill² explained his scheme of contracting-out, and described it as an exception grafted upon an exception. The reasons which animated me in giving the vote which I gave in favour of contracting-out do not apply in any way to the contracting-out proposals in

¹ Mr. T. J. Macnamara.

² Mr. Birrell.

this Bill. If contracting-out was disgusting in the interests of educational efficiency in a case which could only arise five or six times, what are we to say when it is proposed in a case which may arise in 50 per cent. of the schools of the country? There are no grounds for making special terms for the Irish party. Supposing this Bill, or the Bill which took its place, were sent to another place with special provisions in favour of Roman Catholics. I profess no knowledge about what would take place in another place beyond that which is possessed by every ordinary observer. But, if it were passed, and sent up with special facilities for Roman Catholics, I feel sure that it would be sent back with a proviso that the same facilities should be enjoyed by Anglicans. Is that the quarrel on which the Government are going to the country? The First Lord of the Admiralty¹ said that the Opposition desire to keep this quarrel alive, in order to promote party interests. I believe this charge to be profoundly unjust; but, assuming it were true, what does it mean? We can only achieve party interests by keeping a popular cause alive. If our cause be popular in the country, on what principle of democratic government should we be compelled to accept proposals like these, which are grossly unjust, and have not even the qualifying merit of popularity?

A suggestion was made only yesterday which, if it were generally accepted, would point the road along which the goal of compromise might be reached. The hon. member for the Carmarthen District,² who is a very thoughtful and able re-

¹ Mr. M'Kenna.

² Mr. Llewelyn Williams.

presentative of Welsh Nonconformity, made a speech to which I invite the attention of the House and of those who think we have no grievance. This admission was made last night by the hon. member. He said that this Bill would certainly remedy the Nonconformist grievance in single school areas; but, he asked, was it certain that Parliament would not create a grievance as real on the part of Churchmen, because a large number of schools had been built at great sacrifice with the sole object of securing denominational teaching? Those were courageous words, and, if they represent the view of the Chancellor of the Exchequer,¹ and of the Government, I should be very slow to say that compromise is impossible. The hon. member also stated that, as long as Nonconformists advocated Cowper-Temple teaching, they consistently refused to Roman Catholics and Anglicans the right to say that their form of religion should be taught at the expense of the State and by State-paid teachers. He added that he was amazed that the proposals of the right hon. gentleman the member for West Birmingham² were not accepted when the last Education Bill was introduced. Will the right hon. gentleman³ opposite tell the House whether he accepts that view or not? If he does, the case is not altogether hopeless. The right hon. gentleman must also recognise that the hon. member was clearly right in saying, what we have been saying for years, namely, that the Government are endowing Nonconformity by this Bill.

¹ Mr. Lloyd-George. ² Mr. Chamberlain. ³ Mr. Runciman.

I should like to call attention to the statement of the hon. member for Louth,¹ that the abandonment of their sectarian schools has tended to reduce the financial burden imposed upon many of the members of his church. Evidently the hon. member's¹ contribution to a compromise is to make his opponents a present of this financial burden.

The only way in which a lasting peace can be obtained is by a recognition of the parents' rights. If that be accepted, we must also accept the principle that those who contribute equally to the rates are entitled to expect equal treatment. If that be once recognised, I am convinced that the administrative difficulties could be dealt with. It is clear that the single-school area comes within the range of those difficulties. The hon. member opposite¹ quoted two cases which disclosed a real grievance, as far as Nonconformists are concerned. He quoted a school where the scholars are overwhelmingly Nonconformist, as compared with the Church of England, but where no provision is made for Nonconformist religious teaching. The Bishop of Manchester has expressed his willingness to assist in any arrangement, which would make it impossible for this difficulty to be stereotyped in the future. As far as urban areas are concerned, the difficulties are nothing like so serious. In most cases there is a choice of schools, and a parent can send his children to whichever school he likes. We are confronted with the objection that the education authority might be embarrassed by demands from Anglicans, Jews, or Moravians,

¹ Sir R. Perks.

asking that they should have a particular kind of religious teaching for their children. Does anybody, who has had any experience of rural districts, believe that such a difficulty would present itself? The hon. member for Louth¹ gave us two typical cases under the single-school area, both of which could have been dealt with by the principle of parental right.

The Chief Secretary² has pointed out that there are practically only four cases to be met—namely, the Anglicans, the Nonconformists, the Jews, and the Roman Catholics. Does any hon. member think we should be asked to provide teaching for any other religious community than those four? If the Chief Secretary be right, then there is no difficulty, and it is idle to say that it is impossible to meet those cases. Let the right hon. gentleman³ go to the largest workhouse in London, and he will find that the same difficulties of administration as arise there, and no others, would have to be faced by a large school, if it accepted the principle of parental right. In the workhouse they are dealt with simply by the method I am suggesting. The parent of the child in the workhouse says he is a Catholic, an Anglican, a Nonconformist, or a Jew, and the particular religious education desired is provided for him without friction or difficulty. The administrative difficulties are considerable, but many of us would begrudge no effort on our part to assist the Government in overcoming them.

There are only two real obstacles which prevent the Government from adopting the principle of

¹ Sir R. Perks.

² Mr. Birrell.

³ Mr. Runciman.

parental right. The first was stated by the First Lord of the Admiralty,¹ and is based upon popular control; and the second is formulated in the cry: No tests for teachers. As far as popular control is concerned, there is no objection to conceding what little remnant is withheld under the Act of 1902. In that Act complete popular control was given in all respects, except with regard to the appointment of the teacher. What are we to say about the cry of no tests for teachers after the contracting-out proposals contained in this Bill, and the speech of the hon. member for Louth² last night? To this cry must be assigned the most conspicuous tombstone in the cemetery of election generalisations. Lord Crewe gave it up in the House of Lords at the time of the amendments to the 1906 Bill. It was once for all surrendered, when an agreement was come to by the Government that no teacher should be appointed, who was not acceptable to the parents committee. How is it supposed that the parents committee are likely to decide? How are Roman Catholics meant to decide whether a teacher would be acceptable to them? Would they inquire into his qualifications to teach cookery? The only way in which they would be able to determine the question, would be by finding out whether he was qualified by belief in the doctrine and teaching peculiar to their denominational faith.

What did the hon. member for the Louth Division² say? The hon. Baronet said that no local authority would dream of appointing a Protestant

¹ Mr. M'Kenna.

² Sir R. Perks.

teacher to a Roman Catholic school. Why not? That is what the Opposition want to know, if there is no test for teachers. What becomes of the free play of competition among teachers? What becomes of the claim that every post should be open to merit without restriction of creed? The hon. gentleman said that there are methods of ascertaining what the religious opinions of the teachers are. That is his proposal, and that is the Government scheme. [Ministerial cries of "No."] Well, the hon. gentleman is repudiated. I and my friends are glad to hear that the solution he indicated to Roman Catholics was not well founded. The hon. gentleman consoled them by hinting that under this Bill they would really get Roman Catholic teaching. The right hon. gentleman¹ opposite shakes his head, and I understand that he does not agree with the hon. gentleman that they would get Roman Catholic teaching. It is a great pity that this attitude was not explained at Manchester during the recent election, when we were told that concessions to them would be given, when this Bill was brought forward again. The Government will substitute for a candid and legitimate inquiry an inquisition which is private, clandestine, and impossible to answer. Before this Bill joins its predecessors, as I fear it must do, I venture to ask the right hon. gentleman¹ to consider even now whether it is not possible to formulate a scheme upon a basis accepted by both sides of the House and dependent upon a recognition of parental right. If the Government will help to reach the final stage of this long-

¹ Mr. Runciman.

drawn controversy on these lines, I am sure the right hon. gentleman,¹ on whose promotion everybody congratulates him, will go down to history as the Minister who succeeded, where many of his predecessors failed, because he laid his foundations deep and truly upon the basis of universal equality.

¹ Mr. Runciman.

XIII.

THE MINERS' EIGHT HOURS BILL, 1908.

July 6, 1908.

[This Bill was introduced in the House of Commons on February 20, 1908. It provided that after June 30, 1910, the period of employment below ground in mines should be an eight hours day, calculated from bank to bank, with the exclusion of one winding from the computation of the time. A Departmental Committee was appointed by Mr. Herbert Gladstone in 1906 to inquire into the probable economic effect of the Bill. The committee found that it would result in, at least, a temporary reduction of output of a substantial amount, and a consequent period of embarrassment and loss to the country, but considered that this effect might be counteracted by various causes. On June 22 Mr. Gladstone, in moving the second reading of the Bill, announced that the Government intended to move an important amendment in committee. The amendment substituted a period of five years, during which the hours of work would be eight, excluding both windings from the computation. This would produce an average of eight and a half hours per day. At the end of five years, the time would be reduced by one winding, and the original provisions of the Bill would then come into force.]

The following speech was delivered in the course of the debate which followed this announcement.]

MR. SPEAKER, SIR,—The supporters of this Bill, when discussing its merits in the country, have been very ready to level charges of inhumanity against those who are opposing it, and we on

this side of the House do not propose to allow such a charge to go forth unchallenged without first noting some incidents in the history of the measure during the last fifteen years. I think that this is a convenient opportunity for such a summary. Historically, the case put forward by the miners' representatives was first advanced with the expressed object of limiting output, the idea being that, by such limitation, they might succeed in raising wages. If we turn to the reports of earlier meetings at which the question was discussed by the representatives of the men, and look also at the reports of the earlier debates in this House, we find that this point of view was emphasised. It is not without interest to remember, in the same connection, the finding of the Home Office Committee, which recalled a very familiar fact to those who had studied the question, namely that, "By combination the workers have secured a direct relation between the price of coal and their wages."

Fortunately we are not left to unassisted conjecture as to the object of the miners' representatives in this House, because many of them have already published their views upon the subject, and they are on record for anybody to read. I am interested in what recently fell from the hon. member for North-East Derbyshire,¹ who, in April last, speaking at Cresswell, made the following observations, which throw no small light upon the secret history of the movement. "With regard to the Eight Hours Bill, it would be the salvation of the coal trade of the country, and, if it did not

¹ Mr. Harvey.

pass, wages would very soon fall." Clearly that was the object with which the agitation was commenced. But then, finding that the consumers of the country were very dissatisfied with that point of view, so that it became increasingly unpopular in the constituencies, hon. gentlemen advanced it less conspicuously, and fell back on the contention that, in the interests of the unemployed, it was desirable to limit the output.

The hon. member for North-East Manchester,¹ when introducing his universal Eight Hours Bill earlier in the session, said that there were trades in which hundreds of thousands were employed, the regulation of whose hours of labour would provide openings for the class of men, who are now altogether shut out from any opportunity of obtaining work. But the economics of both those proposals having become the subject of general derision among those who are in any way qualified to speak upon the question, it became necessary for the miners' representatives in the House to fall back on a totally different contention, and, in despair, they began to ingeminate a cry of humanity. In connection with this historical *résumé*, fortunately, I need not ask the House to depend merely on my own accuracy. I commend to the indulgence of the House the remarks of a far higher authority, those of the hon. member for the Wansbeck² Division, who, speaking on the Eight Hours Bill in 1901, said—

"My hon. friend has said it is not the object of this measure to limit the output of coal, but this was really the object with which the agitation began. At the Brad-

¹ Mr. Clynes.

² Mr. Fenwick.

ford Trade Union Congress in 1888 it was distinctly stated that it was to restrict the output of coal, which was about 20,000,000 tons more than was necessary, but when it was found that the British consumer would have something to say to any limitation of the output, then the promoters took another line, and said that if the hours of labour were reduced employment would be found for a greater number. When the weakness of that was pointed out, the promoters fell back on a third line, that the Bill would increase the safety of the miners."

I may perhaps make one further observation of a prefatory character upon the position of the Labour party and the miners' representatives in the House in relation to the eight hours question. From the beginning to the end, their attitude from the economic point of view, and, indeed, their competence to understand the elements of the problem have been absolutely discredited by the report of the committee recently appointed by the Home Secretary.¹ The chairman of that committee² made some observations to the House during the earlier portion of this debate. He said—

"An eight hours law, such as that which would have been enacted by the Eight Hours Bills, which have formerly been submitted to the House, would have produced a shortage of coal which would have caused insufferable public inconvenience, and possibly disastrous consequences to the trade of the country."

That is the Bill which hon. members below the gangway,³ and miners' representatives in the House

¹ Mr. Herbert Gladstone.

² Mr. Russell Rea.

³ The Labour party.

have been insistently and vehemently pressing on the attention of the country and Parliament for the last twenty years, and we now have the authority of a committee to the effect that, if those proposals had been carried into law, the result would have been insufferable public inconvenience, and, possibly, disaster to the trade of the country. In aggravation of this criticism the Labour party did not find it convenient to go before the committee and give evidence in support of their views. They find it easier to make rhetorical appeals to sentiment in the House, than to present reasoned arguments and undergo cross-examination before a competent tribunal. The only pretext put forward on behalf of the Labour party for not doing what other parties have been content to do throughout our long Parliamentary history, is that there has already been enough discussion of the measure, and that further consideration of it is, therefore, unnecessary. It is, perhaps, a sufficient answer to that objection to quote a statement made by the Home Secretary¹ in a recent debate to the effect that "Ever since 1890 the economic side of the question has never been considered by any neutral authority."

We have been told by the representatives of the miners that miners throughout the country all want the Bill, and one hon. gentleman, representing, I believe, a Welsh constituency, in the course of the debate the other night, said that this circumstance is a sufficient reason for passing it. I cannot admit the premise, and I dispute still more

¹ Mr. Herbert Gladstone.

warmly the conclusion. On this point, I should like to quote the finding of the Committee to the effect that "It is quite conceivable that a situation might be created by an enhanced price of coal under eight hours, in which the economic interests of the men might be opposed to the economic interests of the country."

When we are told that the miners of the country are in favour of the change, it becomes extremely important to ask what it is, of which they are in favour, and upon what proposition has there been that expression of unanimity, on which so much reliance is placed. I invite the attention of the House to a somewhat instructive indication of the mode in which the view of the men is elicited. Those who speak for them in this House commonly say that by working harder, by having fewer holidays, and by taking fewer short days, they will prevent any considerable shrinkage of production. That is the argument laid before the House, blended judiciously with the humanitarian argument. But the argument used before the men is of a totally different character. The question which they were asked, and which they answered, is as far apart as the poles from the contention put forward in the House of Commons. Here, again, I ask the House to accept not my evidence, but that of a conspicuous advocate of the Eight Hours Bill. Briefly summarised, the question put to the men has been: "Are you in favour of obtaining the same wages for shorter hours of work?" That was the only question which the hon. member for the Ince Division¹ asked the miners; is it surprising

¹ Mr. S. Walsh.

that, whenever and wherever it has been asked of the men, it has been answered affirmatively? The hon. member put this question before his constituents. Speaking on 12th April, he said—

“The actual hewing price paid in forty-eight pits in South-West Lancashire was 2s. 9d. per ton. If the Bill became law, the hours worked would be reduced by one-eighth or one-ninth, and they would have to put one-eighth on the hewing price. They would get such an amount per ton as would compensate the men for the limitation of hours. One-eighth upon 2s. 9d. gave them about 4d. per ton, and adding 2d. more for other labour affected, 6d. per ton would completely clear all the increased cost to employers.”

Is it astonishing that, at the conclusion of such a speech, there was a unanimous vote in favour of the Bill now before the House? Is it surprising that manual labourers should answer “yes,” when asked whether they are in favour of working fewer hours for the same wages? The admission made by the hon. gentleman that the increased price would be 6d. is not without interest, because no allowance was made by him for the increase of price involved in the fact that the same quantity of plant and machinery would turn out less coal. I do not think it will be seriously disputed that it was an underestimate. On that point, we have the finding of the Committee, which has not been challenged, and which the Home Secretary¹ has in fact accepted. Will the representatives of the miners deal with that point, not so much from a rhetorical, as from an argumentative point of view? The

¹ Mr. Herbert Gladstone.

Committee found that the adoption of the eight hours day, whether sudden or gradual, would result in a period of embarrassment and loss to the country at large. They found that it would reduce the average working hours by 10.27 per cent., and increase the cost by from 1s. 6d. to 2s. per ton.

It is extremely important that the House should recollect, in this connection, that this variation by no means necessarily represents the variation which would follow in the market price. Certain qualifications were put forward by the Committee which, it was suggested, would, to some extent, affect the figure put forward by the witness called on behalf of the mine-owners. The first modification suggested was the probable effect of new plant and machinery to be introduced by the mine-owners. Is it contemplated that the new plant and machinery will be introduced upon commercial principles, or not? Is it suggested that the new plant and machinery will pay, or that it will not pay? If it is considered that it will pay, I suggest to the Home Secretary that the mine-owners of the country, who have had generations of experience, and who have devoted that experience to the problem of how to make the largest profit that can be made, are better judges whether or not new plant or machinery can be introduced with success, than a number of Socialist amateurs, who have never had any responsibility at all for the conduct of mines, nor any experience of the standing charges, or of the economic consequences of excessive capital outlay. If it is not to pay, what inference is to be drawn? If new machinery and plant is to be

introduced, which will not pay, obviously the price of coal must be raised, so as to cover the loss on that plant and machinery. It is suggested, as a second qualification, that, if this Eight Hours Bill is introduced, the men will work very much harder, and that their productivity during the limited period will be greater than during the longer hours. Fortunately, I can give an authority upon this point, who is entitled to speak with weight. I refer to the hon. member for the Wansbeck Division of Northumberland.¹ The hon. member contemplated that very argument, that productivity would increase if the number of hours were reduced. Speaking in this House in 1901, he said—

“They intend to keep up the production of coal by increasing the intensity of labour; but is the rush and the hurry, thus created, not likely to increase the risk of the miner? The increased intensity of labour is the very thing which causes a number of the accidents that do happen.”

If to that observation, put forward with very great weight by the hon. member for the Wansbeck Division, is added the argument so obvious in the case of old men, it must be conceded that the intensity of labour is likely to produce more accidents, and, therefore, too much importance or effect cannot be given to the second qualification. The third suggestion is that the men will work on double shifts. I invite the Labour party specifically to enlighten the House as to their attitude with regard to a double shift. Is their view that the men are

¹ Mr. Fenwick.

prepared to agree to a double shift in order to lessen the shortage of production which would be caused by this Act? Up to the present, no answer has been given to that question. Fortunately, the House is not left without evidence on that point, because the South Wales Miners' Federation have published a list of their objects, and this is one of them—

“To endeavour to secure by legislation a reduction of the hours of labour in mines to eight hours from bank to bank, and oppose the system of double shifts.”

It would be very interesting to discover from the Home Secretary,¹ or from those responsible for the very able Report of the Committee, in view of the shortage which will otherwise be produced, whether they have taken into consideration the fact that, up to the present, no responsible representatives of the miners in this House have ever said that they will consent to the system of double shifts. If those three qualifications have no real value, we are left face to face with the reduction apprehended by the Committee, and assented to by the Home Secretary;¹ that is to say, the loss of production will be 25,783,000 tons, calculated on the output of 1906, and the reduction in the hours of all classes underground will be 10.27 per cent. The question which I venture to ask is, Why are my constituents, many of whom work ten, twelve, and even fourteen hours a day, to pay a greatly increased price for their coal? Will any one inform the House why people in this position, with the slenderest possible margin left

¹ Mr. Herbert Gladstone.

after making provision for the necessities of life, should pay a higher price for their coal, in order to allow a class, who are admittedly more prosperous, and more healthy than any other class of manual labourers, to have an eight hours working day? I notice that a member of the Labour party, who is prepared to vote for this Bill, made a speech at the Church Congress, in which he dealt with the state of poverty at the present time. He said—

“Out of a population in these islands of 68,000,000, 20,000,000 were always poor, 12,000,000 were always on the verge of starvation, and 1,000,000 were always unemployed.”

I invite the hon. member to say why those 20,000,000 people, who are always poor, and those 12,000,000 people who are always on the verge of starvation, and the 1,000,000 people who are always unemployed, are to pay more for their coal in order that the coal miners, who are neither poor, nor starving, nor unemployed, may enjoy shorter hours.

At this point, the supporters of the Bill take refuge in declamation, and protestations of humanity. When we come to the humanity argument, we find that the whole case, as far as the health of, and danger to, the colliers are concerned, has been shattered and destroyed by the Report of the Committee. [Cries of “No, no.”] Hon. gentlemen below the gangway¹ question that statement, but, up to the present, not one of them has

¹ The Labour party.

dared to question it by reasoned arguments in debate. What did the Committee say on that point? They said—

“While the risk of fatal accident is much greater than among males generally, the risk of death by disease is much lower, their mortality being 10.6 less than that of all occupied males, and 23.2 less than that of all males.”

So that as far as the general health statistics which have been quoted are concerned, no case whatever has been made out for any special treatment of miners. Now we come to the accident statistics. What is the case put forward by the Government here? The accident statistics are lower than those relating to sailors, for whom no one proposes to legislate. The Government have no case at all, because, on their own showing, if an eight hours day is introduced, the men will hereafter work holidays and short days, so that the total time of exposure to accident will hardly be reduced at all. We have had some figures of great assistance, in discussing this question of the health and danger to miners, supplied by the hon. member for the Ince Division¹ in the course of the late debate. The Home Secretary² based certain statistics upon the mortality or accidents to men above the age of sixty-five years, but the hon. member for the Ince Division gave the right hon. gentleman and the House some interesting figures, which, at the moment, were not before the right hon. gentleman,² and which, perhaps, the House will be glad to hear again, as to the number of men

¹ Mr. S. Walsh.

² Mr. Herbert Gladstone.

above the age of sixty-five years, who are employed in mines. The hon. member, who, I am sure, is very accurate in his figures, stated that one in seventeen of the men employed in the mines to-day is above the age of sixty-five. He further stated that the total number of men working underground, at the present time, is 757,887. So that we arrive at the fact, taking 1 in 17 as the proportion, that there are 44,581 men above the age of sixty-five, who are at present working underground as hewers in the mines. [Cries of "No."] That is how the figures work out. It is useless to cry "No": the calculation speaks for itself. The number above ground, on the same calculation, is 177,081, and, taking 1 in 17 again, that gives a total of 10,416. So that the total number of men, at the present time, above the age of sixty-five employed in mines is no less than 54,997. This is really a very respectable total for a trade which is considered to be so unhealthy. Is there a single other manual occupation that can show results like these? It is on the special ground of the health and safety of those engaged in this occupation, that the very poor of these islands are asked to make the sacrifices, which are made necessary by this Bill. The right hon. gentleman¹ attempted to curdle the blood of the House——

THE SECRETARY OF STATE FOR THE HOME DEPARTMENT (Mr. Gladstone, Leeds, W.): No, no.

MR. F. E. SMITH: I will assume that that was not his object, although it seemed to be the effect of his words. I do not know whether the mine

¹ Mr. Herbert Gladstone.

which the Home Secretary gave as an illustration is that of which the right hon. gentleman himself is either proprietor or part proprietor. The right hon. gentleman said, in giving his own experience: "I know what it is in the working faces, when there is not a direct current of air, when the air is stagnant and grows foul." If the right hon. gentleman knows that that is the case, if he has actually come across working faces where the air was foul and stagnant, because there was no direct current of air, it is his duty to report himself, as a mine-owner, to himself, the Home Secretary, for having broken Rule No. 1 of the Coal Mines Regulation Act, which provides penalties for this very case. It is quite clear that the right hon. gentleman's amateur judgment was deceived by conditions which were very normal.

Now, I wish to add a word or two upon the amazing postponement of the operations of this beneficent measure for five years. Here is a Bill commended with great eloquence upon humanitarian grounds, which is alleged to be necessary to preserve the safety of miners, and, yet, for some unaccountable reason—such is the callousness and inhumanity of the Government—these enormous advantages to the mining population are to be withheld for five years. What can be the explanation of this delay? Can it be that the Government is now alive to the extreme improbability that in five years they will be sitting where they are, and that they prefer that this disagreeable issue should be contested, when it is contested, not by themselves, but by their successors? It is clear that, by intro-

ducing this five years' provision, Parliament is deliberately excluding itself from the teachings of five years' experience, instead of basing our legislation in five years' time upon that experience. Has any reason been advanced why Parliament should cut itself adrift from the teachings of the next five years? None except the importance of avoiding momentary trouble. The Prime Minister,¹ in discussing this question, must have apostrophised his unwarlike colleague:² "Give peace in our time, because there is none other that fighteth for us, but only thou."

We are told that we cannot derive any useful lesson from the reception accorded to this Bill at bye-elections. I notice that those, who represent the miners in this respect, explain that the constituencies have been deceived at recent bye-elections by mercenary statements made by the representatives of the mine-owners. That explanation suggests some curious and interesting reflections upon the subject of government by democracy. I suppose the Labour party is the most democratic party in this country, and it has always been a source of surprise to me to hear that, whenever the democracy has come to a decision which is hostile to their self-appointed exponents, the democracy has always been deceived. If it is on the Licensing Bill that an adverse decision has been reached, the people of this country are the dupes of an odious trade. If, on the other

¹ Mr. Asquith.

² Mr. Gladstone is perhaps more distinguished for tact and administrative skill than for the vigour of his controversial powers.

hand, an adverse decision is given upon the question of an eight-hour day, then they have been misled and deceived by the statements made by the hired minions of the mine-owners. If hon. members below the gangway provide an accurate reflex of the voice of the democracy, and have tongues in their mouths, can they not go to the constituencies, and controvert those grave misstatements, instead of whining about them elsewhere? [An hon. member: Which they did do in Manchester.] The hon. gentleman says that they did do it in Manchester. I cannot congratulate them on the success of their efforts. I do not recollect whether the Socialist candidate obtained a hundred votes. For myself, I firmly believe that the people of this country have plainly grasped the general principle of this privilege-creating measure. I have no hesitation whatever as to the vote I shall give on the Second Reading of this Bill, and I fortify myself in giving that vote by an admirable observation which was made by the hon. member for Mid-Durham,¹ whose experience in these matters is immeasurably greater than that of hon. members who declaim from the Labour benches. The hon. member, addressing his fellow-workmen, said in language of measured warning: "You have power in your own hands, and to come to Parliament begging and beseeching is derogatory to your character as men."

¹ Mr. John Wilson.

XIV.

THE LICENSING BILL, 1908.

November 20, 1908.

[The following speech was delivered in the House of Commons on November 20, 1908, in the course of the debate on the third reading of the Licensing Bill, 1908. The provisions of the Bill are shortly summarised on p. 143.]

MR. SPEAKER, SIR,—The hon. and learned gentleman¹ has spoken, as many hon. members opposite have done, in somewhat belated praise of the provisions of the Act of 1904. They see now in that Act merits which, judging by their criticisms in this House, they were totally unable to discern at the time the measure was being discussed by them, when in Opposition a few years ago. The hon. and learned gentleman said that the operation of the Act is inadequate for the reason that it is waning, and that it cannot possibly produce the same result in the future that it is producing at the present time. Possibly, that criticism is made as some justification for introducing this most bitterly controversial and complicated measure. I think, however, that the more reasonable course would have been that they should have waited until the operation of the Act had really

¹ Mr. J. A. Simon.

commenced to wane, before they introduced this legislation. The hon. and learned gentleman said that the operation of that Act has not been satisfactory, because in important areas, where it was wanted, it has not been applied owing to the excessive indulgence of the local justices. I ask the hon. and learned gentleman, instead of dealing in generalities on this point, to tell us what areas he has in his mind, in which the operation of the Act of 1904 is specially necessary, and to which it has not been applied at all under these circumstances.

Mr. SIMON: Are there no instances where the licensing magistrates have recommended the suppression of licences, because they were not required, and the compensation committee has found that it was not possible to carry the whole scheme through for want of funds?

Mr. F. E. SMITH: The hon. and learned gentleman is now dealing with another and a totally distinct point. He is complaining, not of apathetic magistrates who will not enforce the provisions of the Act, but of insufficiency of funds to carry out those provisions. I ask for a justification of the statement, made repeatedly both inside and outside the House, that there have been cases in which the Act should have been applied, and in which it has not been applied through laches of the justices. Up to the present, no such instance has been given. In the speech of the Prime Minister,¹ only an hour and a half ago, we were told that in the Act of 1904 we curtailed the discretion of the magistrates. It is strange that the hon. and learned gentleman²

¹ Mr. Asquith.

² Mr. J. A. Simon.

should, within such a short space of time, get up in his place to support this Bill on the ground that the local justices cannot be trusted in connection with this very question. The hon. and learned member offered the House a singular analogy in the merchant who profited, as he said, by a change of tariff. Mark the argument. Such a man, it is said, would be in the same position as the licence-holder, or, for the purpose of the hon. and learned member's argument, in an analogous position; and if the licence-holder is entitled to demand compensation on the basis of the market value, then the person who suffers loss because of a change of tariff is equally or similarly entitled to compensation. With the greatest possible admiration for the ingenuity of my hon. and learned friend, I have never in my life heard of a more trivial comparison. I will tell the House why. The whole basis of the case for market value, in so far as it is placed on the ground of public integrity, is that compensation should be paid to the licence-holder, because he bought in the open market, with the encouragement of the State, that of which the State is going to deprive him.

Mr. VIVIAN (Birkenhead): Does not the shareholder in the protected trust company pay for his capital in the open market?

Mr. F. E. SMITH: On a proper occasion I should be very pleased to discuss the whole issue as between free trade and protection with the hon. gentleman. What I am pointing out is that the hon. and learned member opposite,¹ in taking a

¹ Mr. J. A. Simon.

merchant's business as an illustration, was dealing with a man who had been affected by the tariff; and, in comparing the merchant with the licence-holder, he was dealing, in the latter case, with a man who had bought what he had in the open market, while, in the other case, he was dealing with a person who had received benefit from a change which had been made independently of his own exertions. ["No, no."] I have given an answer to the hon. and learned gentleman's argument which, in my humble opinion, is an adequate one. But there is a further distinction. In the case of the licence-holder, the State is, after a period, taking the whole benefit of the licence for itself. In the tariff case, the State has not sold to the man that of which they dispossessed him, as in the case of the "Coach and Horses," of which the House has heard *ad nauseam*, but the pertinence of which is great from the point of view of the illustration put by the hon. and learned gentleman. In the tariff case, the State neither sold to the man that of which he was dispossessed, nor took for its own purposes that of which it dispossessed him. If that does not introduce a distinction between the two cases put by the hon. and learned gentleman, then I am very sorry that I fail to appreciate his point.

The most amazing part of the speech of the hon. and learned member was that in which he recommended the Bill to the House because it is not the Bill of an Oriental despot, but a Bill introduced with the will and consent of the people of England. A little earlier the Prime Minister¹ said that the Bill was the

¹ Mr. Asquith.

result of the considered judgment of the Commons of England. That leads me to put to the hon. and learned gentleman¹ opposite a question which I hope will be answered in the course of the debate. Is the Bill recommended to the House of Commons and to the House of Lords as being a Bill which the majority of the people of the country do want, or as being a Bill which, in the opinion of hon. gentlemen opposite, the majority of the people of the country, if they were well advised, would want? It is perfectly clear that the case really put forward in the House is, and must be, that it is a Bill which the majority of the people of the country do want, though I confess that on this point I find the utterances of Ministers a little obscure and contradictory.

The Prime Minister² said, for instance, that the Bill was neither introduced with the object of gaining votes, nor was it likely to gain votes. That is a somewhat significant admission in the case of a Bill which is not introduced in the spirit of an Oriental despot, but is introduced under a democratic system. The Liberal press is obsessed by pictures of inebriated electors carried prone on shutters to vote against the Bill, while the party bands play "Beer, glorious beer," as the election proceeds. That is the view of recent bye-elections put forward with much spirit and humour by the democratic press. We have now a provision in the Bill which is designed to deal with the case of elections, and it is curious to note how it is found necessary to place restrictions on the very people who are said to desire this measure.

¹ Mr. J. A. Simon.

² Mr. Asquith.

The view is carried so far that, while the rulers of this country, the electors under a democratic system, pass to the booths with majestic tread to record their votes on the tremendous issues of peace or war, or to pronounce upon the economic mysteries of free trade or protection, they are to be muzzled by their admirers opposite, lest they make drunken beasts of themselves on the way. That is the position in which we are left in the case of a Bill, which hon. gentlemen opposite say the people really want. *Vox populi, vox Dei*—but the voice speaks with a hiccough, unless the right hon. gentleman, the member for Spen Valley,¹ takes appropriate precautions.

I propose, for a moment, if the House will allow me, to recall the attention of hon. gentlemen opposite to the pure milk of democratic doctrine. The proposition which I put before them is this, that, if the majority of the country do not want the Bill, neither the House of Commons nor the House of Lords has the slightest right to pass it, whether they think the people ought to desire it, or whether they think the people ought not to desire it. I will, with the permission of the House, test the statement of the hon. and learned gentleman² that the people of the country desire this Bill. I confess that I approach this part of the subject in a little more detail than I should have done, if the hon. and learned gentleman had not made this extraordinary claim.

In the year 1906, before the Bill was introduced, there were eight bye-elections, and only one Con-

¹ Sir Thomas Whittaker.

² Mr. J. A. Simon.

servative win. In the year 1907, there were eleven bye-elections, and only one Conservative win. In the year 1908, the threat of this Bill became more definite, and it was known that it was shortly to be introduced. The House will observe the consistent course of the bye-elections since 1908. First of all, there was the election in Mid Devon, where a Liberal majority of 1289 was made into a Conservative majority of 559. Then there was the Ross division of Herefordshire, where a Liberal majority of 312 became a Conservative majority of 1019. In the Worcester election the Conservative majority was increased from 129 to 1292. In South Leeds the Conservative poll increased from 2126 to 4915. In Peckham a Liberal majority—[Ironical Ministerial cheers]—yes, if you cannot persuade the Peckhams of the country to support the Bill, then you are falling back on the Oriental despot theory. You must persuade them that this Bill is a just Bill, and if you fail to do that, then the rejection of the measure is justified.

In regard to Peckham, hon. gentlemen opposite are well advised in indulging in melancholy cheers. In that constituency, the Liberal majority of 2339 became a Conservative majority of 2494. I suppose that is the justification for closing public-houses on election day. But there was not a single case of conviction for drunkenness. In Dewsbury, the Conservative poll of 2954 was increased to 4078. In North-West Manchester, despite all the ability of the President of the Board of Trade,¹ the Government sacrificed one of their most brilliant members

¹ Mr. Winston Churchill,

before the democracy. The right hon. gentleman fought the election on the terms of this Bill, and the result of the poll was that the Liberal majority of 1241 was converted into a Conservative majority of 429. In East Wolverhampton, the Liberal majority of 2865 was reduced to a majority of eight. In Newport, a few days later, the Conservative majority of 166 was increased to a majority of 951, and that in spite of the bribe of old-age pensions. In the next instance, Pudsey, the seat next to that of the right hon. member for Spen Valley,¹ was lost, the Liberal poll falling from 7043 to 5331. In Haggerston the Liberal poll was reduced by 1000, and finally, in Newcastle, the Liberal seat was lost, the reduction in the Liberal vote being 6703. In face of these figures, how many hon. gentlemen will come forward and say with confidence that the majority of the people of this country are in favour of this Licensing Bill? There has been a most pathetic illustration quite recently, one which excites compassion. Many hon. gentlemen opposite are admirably fitted for peerages by aptitude, taste, generosity, and party loyalty, and yet the King's birthday list was entirely unadorned by their names. I would point out that if twenty stalwarts had been created Peers, able to develop their massive eloquence in another place without the restriction which the consciousness of constituents imposes, they might have leavened the whole gilded loaf. But they linger in this House, mere commoners, humble democrats, with no gleam of hope except a paltry

¹ Sir Thomas Whittaker.

baronetcy, simply because no English constituency is safe. Why is it?

Mr. M'CALLUM (Paisley): The hon. and learned gentleman does not say that applies to Scotland.

Mr. F. E. SMITH: No; the Bill does not apply to Scotland, because the Government must preserve some cities of refuge for Cabinet Ministers who lose their seats in England. Why is it that this Bill has become so unpopular that the Government will pocket the affront if it should be rejected in another place? Let the House never forget the tone in which the Bill was first of all commended to the country by the Government. The ship of the Government was to go down into the abyss, if necessary, with flags flying.¹ That was one of the boasts. But why has it become common knowledge that, if the Bill meets elsewhere with the fate which is anticipated, the Government have no intention of going down into the abyss? It is just because the Government are the Eastern despot of the hon. and learned gentleman² opposite, that they will have no appeal to the people. If the Government were satisfied that by an explicit appeal to the people of the country on the terms of this Bill, they could come back to coerce the majority in another place, does any honest politician say that they would not make that appeal, and come back with a mandate to correct the House of Lords, as they have been threatening to do during the last three years? It is the grossest political hypocrisy to suggest that this Bill has the support of the people behind it. The reason why it is so unpopular in the country is

¹ According to Mr. Lloyd-George.

² Mr. J. A. Simon.

because it is extremely tyrannical in all its provisions, and, even after three years of the present Government, we are still a free people.

The local option proposals empower the cellared classes, to whom hon. gentlemen opposite mainly belong, to coerce the uncellared classes, and to deprive them of facilities for obtaining alcoholic refreshment if they so wish. These provisions are to become operative in fourteen years, though in fourteen years this House of Commons will probably be known only as the Mad Parliament. If it is right that there should be local option in the constituencies in order to prevent excessive indulgence in alcohol, why is it not right to have local option in the House of Commons to prevent the consumption of alcohol at the bars, and in the smoking-rooms? [An hon. member: Bring in a Bill.] I do not believe in such remedies. Supposing that Ministerialists could obtain a majority in favour of abolishing the supply of alcohol in the smoking-rooms, would they or would they not be justified in doing so? One answer would be, that there is no such mischief in the smoking-rooms or restaurants of the House, as would justify a remedy so drastic in its character, but the right hon. gentleman the member for Rushcliffe Division has said that he has seen many sad instances of excessive drinking on both sides of the House.

Mr. ELLIS (Nottinghamshire, Rushcliffe): The hon. member has evidently been misled by one of those telegrams which appeared in the papers. I never used any such words or anything like them.

Mr. F. E. SMITH: Of course, I entirely withdraw. I was quoting from a newspaper report. But I do not think that the right hon. gentleman would deny that he said that he had seen melancholy cases in this House of the results of drinking. If he says that he did not say so, I will withdraw.

Mr. ELLIS: I never used any such words. If Mr. Speaker will give me an opportunity when the hon. member sits down, I will read the exact words which I used.

Mr. F. E. SMITH: If the right hon. gentleman would read them now, it would be far more convenient.

Mr. ELLIS: I am sorry to detain the House. This, I may say, was an address in a chapel at Scarborough, in April 1908, at what is called a "Pleasant Sunday Afternoon." I said—

"Almost every one who has lived forty, fifty, sixty, or more years in this world can call to mind scores of persons who, within his own knowledge, have fallen victims of this terrible agent for evil."

I may say, by way of parenthesis, that I was not speaking of the Bill. The subject of my address was the relation of the State to the sale of intoxicating liquor.

"I myself, Mr. Rowntree has reminded you, have been for over twenty years now in the House of Commons. I suppose I have been associated with several thousand men during that time. I know I have. And looking over that twenty-two and a half years now, as I was doing only the other day, I have been saddened to think of those men, of great high

promise, some of them, who have fallen victims to this terrible evil, whose careers have been blighted, and whose lives have been wrecked in this sad manner. There are at the present moment in the Commons' House of Parliament men sitting there who are in danger of falling, and who know they are in danger of falling, from this evil. We hear sometimes that it is a temptation which education, cultivation of the mind, will enable a man to overcome. That is not so. It is confined to no class in the community."

Mr. F. E. SMITH: I am very much obliged to the right hon. gentleman for his courteous intervention. I take it that what he said was that he has known such cases in the course of his experience of the House of Commons, and that he knows many men now on whom he could put his finger if he wanted to——

Mr. ELLIS: The hon. member must not substitute words of his own. [Cries of "Cowardly," "Withdraw," and "Play the game."]

Mr. F. E. SMITH: The right hon. gentleman spoke of a number of men at the present time——

Mr. ELLIS: I have read the words which I used.

Mr. F. E. SMITH: The point is this. The right hon. gentleman spoke of men or a number of men now in the House of Commons who are in danger of falling. I, for one, cannot sufficiently thank him for leaving them anonymous. But the right hon. gentleman has greatly qualified the pleasure which I should have in sitting next to him at dinner. ["Hear, hear," and cries of "Order."] If that is true, and if the conception of local option is sound, let honourable gentlemen

opposite set an example by denying themselves something. Might I suggest that hon. members below the gangway,¹ whose interruptions seem to me to be a little unmannerly, should justify—what badly needs justification in the country—their own good faith by denying themselves something?

Mr. SHACKLETON (Lancashire, Clitheroe): Some of us have never started yet.

Mr. F. E. SMITH: I am referring, of course, to those who have started.

Another obnoxious feature of the Bill is its method of dealing with Sunday closing by denying opportunities to obtain refreshment to those, who do not keep liquor in their houses, and have no club. I call this an obnoxious feature, because, while it is obviously an infringement of personal freedom, it is useless for the presumed purpose of promoting temperance.

Experience confirms this common-sense view. The chief constable of Monmouthshire reported in July 1904 that the Welsh Sunday Closing Act was a nuisance to the county, and admitted that there was a great deal of drunkenness along the border. Otherwise, he said, the county was very quiet on Sundays, people being content to obtain refreshments during the ordinary hours of opening. He expressed the opinion that, if the Sunday Closing Act were extended to Monmouthshire, drunkenness and disorder would greatly increase.

An examination of the statistics showing, over a series of years, the number of persons proceeded against for being drunk in Glamorganshire, where

¹ The Labour party.

the Sunday Closing Act has been in force since 1881, and in Monmouthshire, where Sunday closing is not in operation, confirms this view. The average number of prosecutions for drunkenness in Glamorganshire for the years 1878-82 was 771 per 100,000 of the population; that was before Sunday closing was in operation. In 1907, after a quarter of a century of Sunday closing, the cases of drunkenness had risen to 870 per 100,000 of the population. In Monmouthshire, on the other hand, the average convictions in the period 1878-82 were 734 per 100,000 of the population, almost the same proportion as in Glamorganshire. By 1907, without Sunday closing, they had fallen to 390. This is not an isolated comparison. In Breconshire, in the first-named period, the cases numbered 664 per 100,000 of the population. Sunday closing failed to effect any improvement, for in 1907 the number was 696. On the other hand, you will find that, in Herefordshire, the cases of drunkenness which in the first period averaged 507, had fallen in 1907 to 188—again without Sunday closing.

Let me examine shortly the clauses of the Bill affecting clubs. No hon. member who has spoken in support of the measure has had the honesty to face the difficulty concerning clubs.

That the Government should have inserted these clauses is no matter for surprise, for, before the introduction of the Bill, it had been made clear to every one that the club system had of recent years grown rapidly into an alternative to the public-house system, and that by it men were able to evade the restrictions upon drinking which the

statute law imposed on public-houses ; and there was every reason to suppose that heavy drinking was becoming more associated with uncontrolled clubs, than with strictly controlled public-houses.

The immunity from State interference, which clubs had up to then enjoyed, was infringed by the Licensing Act of 1902, which contained some stringent regulations as to their conduct. The growth of clubs has, however, not been in any way checked by this Act. In 1903, there were 6371 clubs in the country ; in 1908, according to an estimate made by the Prime Minister himself, there were 7110 clubs. In the meantime, I may add, on-licences have diminished from 100,815 to 95,700. The increasing membership of these clubs indicates the growth of the system perhaps even more plainly. At Halifax, the chief constable reported last year that forty-nine clubs were registered with a total membership of 16,092, whereas in 1905 fifty were registered with a total membership of only 14,471. The chairman of the Consett (Durham) Sessions also reported an increase in the club membership in the division of 2000 during the year, bringing last year's total up to 12,302.

Another point to be borne in mind is that working men's clubs are affiliated. There are two great federations of them—the Conservative Clubs Union, and the Working Men's Club and Institute Union. To be a member of one of the thousands of clubs affiliated through each of these unions is to have access to all the clubs in the same union. It will at once be realised how this system extends the " facilities for drinking " which, we are told, it is

the purpose of this Bill to diminish. Wherever a member goes (outside the rural districts), he can find a club open to him, and open at hours when public-houses are closed. In London and the great towns, even if the member be away from the neighbourhood of his own proper club, he need never walk for more than a few minutes before reaching one affiliated to it. This circumstance makes the analogy between the club and the public-house yet more close. Needless to say, the Bill does not touch this aspect of the case.

The Act of 1902 has achieved considerable success in one direction. It provides amply for the suppression of mere bogus clubs; and there is reason to believe that this particular evil has been checked. If it has not been entirely killed, it is not the fault of the law, but of its administration—or, perhaps, I should say, the inherent difficulties of its administration. But the Act provides adequate machinery for exterminating bogus clubs and checking their growth in the future. To say that this Bill aims at exterminating bogus clubs is misleading. It is not bogus drinking clubs with which we are now concerned; it is not bogus drinking clubs which are responsible for the unlicensed drinking of to-day, or which are taking the place of public-houses, and have given rise to the recent agitation; it is the ordinary, legitimate, social and political clubs frequented by the working and lower middle classes. These clubs cannot be destroyed; their privileges cannot be seriously curtailed without a gross infringement of the rights of individuals.

Members opposite have replied invariably that

there are more stringent conditions in this Bill than in any previous Bill. The Solicitor-General¹ shakes his head. We are told that we can only reduce the great evil of drunkenness by reducing the facilities for obtaining drink, but there is nothing in the Bill, from beginning to end, to prevent a club being established in the same street, with the same sale of liquor, and the same *clientèle*, face to face with the abolished public-house.

We have, therefore, to meet this situation : all that can be reasonably done to check club abuses has been done by the Act of 1902 ; and the Bill of 1908, if the Clubs Clauses are passed in anything like their present shape, would only add one or two trifling but irritating provisions to that Act, and would not destroy existing clubs, or check their growth in the future. Yet that growth is bound to be greatly accelerated by the passing of a Bill which enacts the destruction of a large number of public-houses, and provides for further restrictions upon those which remain. The club will simply take the place of the public-house, as it is beginning to do already, and has already done to a large extent in the big towns.

Then there is the case of off-licences. The way in which they have been dealt with by the Bill has done more to discredit it than anything else. It is true that off-licences deal more specially with whisky than with beer, and that whisky is more injurious than beer. It is true also that women go to the grocers' shops, and that female drunkenness is the only drunkenness that is increasing, according to

¹ Sir Samuel Evans.

statistics, and it is further true that off-licences are not affected by the reduction provisions of the Bill.

But it is refreshing to discover that there is such a thing as gratitude in politics. For twenty years the holders of these off-licences have supported the Government in every moral cause the Liberal party have taken up during that eventful period. The holders of those licences are very often Welsh; they were pioneers in the cause of Welsh disestablishment, and they were the salt of the passive resistance movement. They groaned in anguish over Chinese slavery, particularly when they reflected that the Chinaman took opium instead of whisky. If men like that who have given such support to the Liberal party are to be betrayed on the petty ground of consistency, a blow would be struck at our common human nature, and, while the Bill might gain in honesty, an irreparable blow would be struck at our standard of political gratitude. From that point of view, the Government were wise in leaving off-licences and clubs outside the scope of the Bill. I have no time now to deal fully with other points which have been made. Instead of providing, as has been done under every other sumptuary law, that the seller shall not supply less than the buyer pays for, this Bill is zealous to provide that the seller shall not supply more. There is the amazing provision regarding the captains of steamships which requires that, when the storm rages and the breakers roar, the captain, instead of being on the bridge, is to be in the second-class cabin, ascertaining whether a suspected passenger can pronounce

the word "supposititiousness" without giving cause for suspicion.

There is further the final and crowning piece of humour that Wales is to have a "most drunken nation clause" of its own. These points and the confiscatory, tyrannical; and hypocritical elements in the Bill have sickened the people of this country. It is certain that if they are given the opportunity, which I trust they will enjoy in the next few weeks, of showing whether they agree with the principles of the Bill, they will express themselves with the most explicit clearness. While hon. gentlemen opposite have come here to praise Cæsar, we on this side of the House have come to bury him, and I have seldom attended a funeral in higher spirits. I will add this final observation, and I doubt whether a single member for an English constituency sitting opposite can say as much. With a full knowledge that, if the House of Lords rejects the Bill, there may be an appeal to the country, I shall give my vote to-night without the slightest apprehension of my constituents, or of the consequences.

XV.

THE SECOND EDUCATION BILL OF 1908.

November 30, 1908.

[Mr. M'Kenna's Education Bill (summarised in a prefatory note on p. 127) met with great opposition, and it was soon apparent that the Government dare not proceed with it. When the Cabinet was re-constituted after the resignation of Sir Henry Campbell-Bannerman, Mr. M'Kenna became First Lord of the Admiralty, and Mr. Runciman succeeded him as Minister for Education. In May, Mr. Runciman entered into negotiations with the Archbishop of Canterbury and the Nonconformist leaders and members of Parliament, with a view to settling the question by agreement, but the Roman Catholics were not consulted. On November 19, the Prime Minister announced the Government's intention to withdraw Mr. M'Kenna's Bill, and to introduce a new Bill embodying the fruits of these negotiations. The Government proposed to pass the Bill rapidly through the House under a "guillotine" resolution, on the ground that it was an agreed Bill. It recognised only one kind of public elementary school—that provided by the local authority. Voluntary schools were not to receive any rate aid, but might "contract-out," receiving a grant, in the average, of about 50s. It soon appeared that not even the negotiators were in agreement. The archbishop had not been shown a draft of the financial proposals, and the Government had not procured the figures necessary to enable them to fix a fair grant. On December 3, the Prime Minister announced that the Bill would be withdrawn.

The following speech was delivered on November 30, in the course of a debate in Committee on the Bill.]

MR. EMMOTT, SIR,—The hon. member for East Clare,¹ speaking of the conduct of the Archbishop of Canterbury and some of my hon. friends, said that, in his judgment, the Church of England was guilty of mean and treacherous conduct in making a settlement for itself without regard to the equal claims of the Roman Catholics. I should myself, having repeatedly in the course of three successive Education Bills, though not myself a member of any denomination, advocated the claim for equal treatment amongst all denominations, think I was guilty of mean and treacherous conduct if, because the Archbishop of Canterbury has made a settlement satisfactory to the Church of England, I were to eliminate from that settlement Roman Catholics, whose case is precisely similar to that of Churchmen. The last speaker¹ made the curious observation that Catholics, as far as this grievance is concerned, stand in a position alone, and he plainly suggested that no similar grievance is felt by members of the Church of England. Such an argument, seriously put forward after three sessions of stormy Parliamentary debate, fills one with despair. I hold on this question a brief no more for the Church than for the Catholic faith, but I have derived from our long debates one clear and definite conviction that the denominational position, if it has ever rested on strong ground at all, rests on this ground, that no man, no matter of what faith, has a right to impose by force upon a third party his own dogma or his own view of what that other ought

¹ Mr. William Redmond.

to believe. And it follows from this that no man should be penalised, in the incidence of educational changes, by reason of his religious beliefs. That is the whole case. The contention put forward by the Government is that of a man saying: "I believe in Cowper-Temple teaching. You ought to believe in it. Whether you do or do not, you shall pay for its propagation." The only comment one need make is that, if the Catholic position is right, the Anglican position is also right; the Catholic position is right, not on a nice appraisalment of its disparity of view in relation to Cowper-Temple teaching, but on the broad ground that the adult citizens of a free country have a right to form their own opinion in religious matters, and, having formed them, to be placed *vis-à-vis* with the State in as favourable a position as those who have formed other opinions.

Approaching the question from this point of view, I was struck by the observations of the hon. member for East Mayo,¹ who, in a moderate and well-reasoned speech, expressed the opinion of Roman Catholics on the subject. Very considerable abuse has been directed against the House of Lords for their attitude in relation to the first Education Bill, but, nevertheless, hon. members to-day are quite ready to express their satisfaction with Clause 4 of the Bill of 1906 as it left the House of Lords. Hon. members below the gangway² are so far content with that clause, that they are quite ready to introduce it now into this Bill in the form of an amendment.

¹ Mr. John Dillon.

² The Irish party.

Mr. DILLON: Clause 4 had a very tangled history. The clause I have introduced is not quite the same. The House of Lords made certain alterations, which did not satisfy the representatives of Catholics. Consequently, the Ministry made further alterations, in response to our request, which made the clause satisfactory after it had left the Lords.

Mr. F. E. SMITH: It was a long clause, but I am right in saying that, when it left the House of Commons, the Leader of the Irish party¹ referred to it as an insult. Lord Crewe also, in another place, distinctly stated that Clause 4, in its altered shape, would never have been accepted by the Government, had it not been forced upon them by the House of Lords. Therefore, this concession was made in consequence of amendments introduced in the House of Lords and accepted by the Government as the result of pressure made effective in another place.

No one can fail to respect both the tact and the patience which the Minister for Education² has brought to bear on educational problems, in refreshing contrast to his predecessor in office.³ I have, however, been struck by the argument of the right hon. gentleman in which he stated that, if he had attempted to apply Clause 4 to the present Bill, he could not have carried the Nonconformists in the country with him. Where does that declaration lead the Government? At the time of the passing of the Bill of 1906, did they not carry the Nonconformists with them?

¹ Mr. John Redmond. ² Mr. Runciman. ³ Mr. M'Kenna.

It was claimed at that time that the clause did carry the Nonconformists of the country with the Government, and now in a Bill which represents a compromise and is giving better terms, we are told that we cannot have the same clause, because it would not carry the Nonconformists with Ministers. This question must be determined on grounds of principle. The question is whether it is right or wrong, and not whether the Government can carry the Nonconformists with them. The right hon. gentleman would act wisely to remember that many powerful ministers in great controversies have thought it opportune to inquire whether they could carry the Roman Catholics with them. If it is to resolve itself merely into a process of counting heads in the country, I am not at all certain that the arithmetic of the Government is reliable. Is the right hon. gentleman sure he was right in saying that he could not carry the Nonconformists with him? He premised his observations by saying he was not at all sure that the Government were carrying the Nonconformists with them in large numbers even on the lines of the present settlement.

Mr. RUNCIMAN: The hon. gentleman need be under no apprehension on that point. I would not have acted without Nonconformist support.

Mr. F. E. SMITH: I am not attempting to attenuate the concession which Nonconformists have made, but, so far as the country is concerned, as distinguished from Nonconformists in the House of Commons, I think that the right hon. gentleman may be too sanguine. The Noncon-

formist grievance was embodied in the formulæ "Not one penny of public money without public control," and "No clerical interference with the schools." But here the Government are giving £600,000 a year to a few clerics, and it makes not the least difference whether the money is paid out of rates or taxes. This money is to be spent without control; in point of fact, they have handed over £600,000 to a few priests controlled by an archbishop, without any pretence whatever that any control is going to be exercised. This is how the Nonconformist grievance is to be removed.

I approach this question with a genuine desire that there should be a settlement. But we must face the facts. What is the only logical ground upon which passive resistance is based? It is a ground which appeals to every one who feels pain when he sees persons, however mistaken in their views, undergoing imprisonment and suffering for conscience' sake. The grievance is that a man is forced to pay a rate for the teaching of a religion which he regards as misguided. In that sense, in the single-school areas there is a real grievance felt by Nonconformists who pay the education rate, but the grievance is not so real as that which is endured by Roman Catholics. In quality it is no doubt similar, but in degree it is incomparably less. It is either right or wrong to make a man pay a rate to teach a religion in which he does not believe. We have been told that it is a cruel and intolerable wrong, and therefore, I ask those who hold that opinion to apply it to the position of the Roman Catholics. Why is it not a cruel

wrong to Catholics, when it is admitted that their faith is removed from Cowper-Temple teaching by a gulf infinitely greater than that which separates Cowper-Temple believers from the doctrines of the Church of England? Catholics are made to pay the education rate out of their scanty pence. If it is a grievance in the case of Nonconformists, which justifies them in setting themselves up in organised revolt against laws passed by Parliament; if it is, in other words, a grievance which justifies passive resistance, what answer is or can be made by Nonconformists to Roman Catholics when they say: "This rate presses on our conscience; you are making us pay for the support of schools established to propagate doctrines which we believe to be blasphemous, and to imperil the eternal salvation of our children." It is idle to suggest that a compromise based upon those lines can or ought to be permanent. The Roman Catholics would be unworthy of being free citizens of a free country, if they were to consent to a compromise, which is nothing but a brutal dictation of terms. For myself, I revolt from it, now and once for all. I will never be bound by its terms.

XVI.

THE HOUSE OF LORDS.

February 22, 1909.

[On February 22, 1909, an Amendment to the Address was moved by a Ministerialist, Mr. Ponsonby (Stirling Burghs), to the effect that, in view of the repeated rejection by the House of Lords of measures of capital importance which had been passed in the House of Commons by overwhelming majorities, it was imperative that a Bill should be introduced, in the present session, containing provisions in accordance with the Resolution of June 26, 1907. (See prefatory note to Speech VI., p. 75.) The following speech was delivered in moving an amendment to this amendment, to the effect that it was imperative, in the interests of stable government, to decide forthwith, by an appeal to the constituencies, which of the two Houses of Parliament enjoyed the confidence of a majority of the electors.]

MR. SPEAKER, SIR,—The hon. gentleman¹ who has just sat down, in the course of the somewhat violent observations which he made on the subject of the House of Lords, appeared in places to have somewhat missed the real nature of the issue which is before the House at the present moment. The issue is not as to whether the House of Lords possesses merits or whether the work of the House of Lords is vitiated by demerit. The question is a very short and simple one—whether or not the Government are willing to take the opportunity

¹ Mr. Ramsay Macdonald.

which is afforded to them of going without delay to the country, in order to decide whether the electors share the indignation which they express at the recent conduct of the House of Lords. I certainly imagined my amendment would have met with the support of the Labour party.

Mr. MACNEILL: On a point of order, I have to ask your ruling as to whether the amendment is in order. It is a direct negative to the question before the House, and is not an amendment to the proposed amendment.

Mr. SPEAKER: I do not think the amendment is a direct negative. It is an alternative course, namely, to dissolve at once and appeal to the country.

Mr. F. E. SMITH: Under those circumstances, the hon. gentleman being reassured as to the character of the amendment, I trust I may have his support in due course. The mover and seconder of the amendment,¹ in their very weighty and serious statements, certainly impressed me with the idea that they have put their hands to the plough in the spirit of men who mean to carry it to the end of the furrow, even if they are only ploughing sand. The difference between their amendment and mine is, after all, only the difference of a single session. I do not believe in the elaborate machinery which the Government suggest is to follow from their resolution. I rather venture to suggest, in view of the conflict that has arisen, that the right course is to promote an immediate dissolution. If the hon. gentleman, the mover of the resolution, still adheres

¹ Mr. Ponsonby, and Mr. R. C. Lehmann.

to his view, and if the House as a whole should take the view that it is not prepared to accept my amendment, then I shall support the amendment of the hon. gentleman as an amendment to the Address; because, as I understand the object of the amendment of the hon. gentleman, while it would not produce an appeal to the country as early as I or my friends consider desirable, it would at least procure an appeal to the country one session, and, maybe, two sessions, earlier than the Government intend to make it, if left to themselves. I confess that, reading the amendment, which the hon. gentleman has moved with so much spirit, I thought it was admirable, dignified, and adequate, until I came to the word "resolution," and saw that we were, after all, only to be treated to a revival of the discussion of a year or two years ago. The tenor of the speech of the hon. gentleman reminded me of the speech made by a supporter of the Government in the country the other day, to this effect—

"The country demands in dealing with the Lords a policy severe, haughty, and drastic. Nothing short of this will satisfy the fighting brigade. But at all costs we must resist the monstrous claim of the Lords to force a dissolution."

That is, if I may be permitted a paraphrase—

"The policy may be as severe, as haughty, and as drastic as you please, but, whatever else we do, let us by all and every means avoid a general election."

I do not particularly quarrel with the limitations of

the hon. mover's proposal. I think he is very likely waiting, with the admirable prudence of his fellow-countrymen, until the pending bye-elections in Scotland are determined, before giving his voice in favour of an immediate election. The occupants of the Ministerial front bench in this crisis appear to be strongly of opinion that it is their duty to their country to remain in office, while, so far as we have had an opportunity of judging, nearly everybody else in the House, or, at any rate, those below the gangway opposite who usually support them, we upon this side of the House, and the Labour members below the gangway are strongly of opinion that the Government should not remain in office. As far as the rank and file of the Government are concerned, the position they have occupied on the House of Lords question does them, from one point of view, very great credit. Very many of them have indulged in violent denunciation of the House of Lords. The task must have been distasteful to a degree, for the present House of Lords is largely the creation of the Liberal party. We find that, if you take the creations from the year 1830, the Liberal party created no fewer than 249 peers. This then, it may be said, is a parricidal war. Since the days of King Lear, none has ever nursed such an adder in his bosom. And while the Liberal party created 249 peers, we on this side of the House have created only 181 peers. During the first year in which the present Government held office they created sixteen new peers—that is to say, a peer every three weeks. I can see the mouths of hon. gentlemen watering.

I hope to supplement the speech made by the hon. gentleman, the mover of the amendment, because I must not close my eyes to the possibility that the House may not accept my amendment, and I must, therefore, seek to reinforce his arguments by some observations which have fallen from gentlemen opposite at different times, and by some inferences which I shall ask the House to draw from those observations. There was one speech made by the Prime Minister,¹ before he was Prime Minister, of which my hon. friend,² if he had recollected it, would possibly have reminded the House. The right hon. gentleman said—

“Outside in the country, wherever the electors have had an opportunity of expressing their opinion, they have spoken of the contempt into which the Ministry has fallen. Under these circumstances, why do they not resign? No one but the office-holders know.”

Hon. gentlemen would have helped the House further to follow the workings of the Ministerial mind if they had reminded us of a speech which the Prime Minister made at a banquet in the National Liberal Club. Let me give the House the advantage of those stimulating words—

“The question I want to put to you is this: Is this state of things to continue? (Cries of ‘No, certainly not.’) We say it must be brought to an end, and I invite the Liberal party to-night to raise the veto of the House of Lords as the dominating issue in politics.”

¹ Mr. Asquith.

² Mr. Ponsonby.

As indicating the earnest spirit of the strenuous men who assembled on that occasion, the *Times* reporter calls attention to the fact that the company at that point stood up and waved their dinner napkins. It was, perhaps, a somewhat sinister omen that at this early stage they should have inaugurated a desperate adventure under the white flag. I can well understand my hon. friends who moved and who supported this amendment thinking that it was a misleading performance to wave napkins, unless the waving of the napkins was followed by action. In any event, the proceeding is a trifle absurd, but to wave them for nothing is the very bathos of folly. I would invite the House to apply their consideration, not merely to the statements that have been made by the Prime Minister, but to statements made by other members of the Government, which are very surprising, in view of the apathy they are now displaying. Take, for instance, the First Lord of the Admiralty.¹ No one will fail to recollect that it is less than two years ago since the First Lord of the Admiralty, when he was at the Education Office, announced to the country in measured and resolute language that he was shortly going to the House of Lords with a sword. It was quickly discovered that his only qualifications for the Board of Education were an insubordinate record and his sword, and he was therefore drafted into a belligerent department. Now that he occupies that position, one may perhaps discover reasons why he is not so anxious to press on the campaign, as he was before he found himself

¹ Mr. M'Kenna.

there. His present office is one of great prestige and dignity, and it affords, no doubt, scope for enjoyment to a mind conscious of unacknowledged greatness. The nation, I am sure, will have observed that the right hon. gentleman lately, in a yacht not inadequate to his dignity, examined those outposts by which our maritime supremacy is sporadically maintained in the Mediterranean, and it is pleasant to read that the right hon. gentleman's uniform on that occasion was an impressive compromise between that of a private tourist and a rear-admiral. The exaltation which is produced by belligerent trappings in a democratic bosom may possibly account for the change of opinion in the First Lord of the Admiralty; but there is another member accustomed to sit on that bench, whose indifference, as the hour of battle approaches, has produced even greater astonishment—I refer to the President of the Local Government Board.¹ Only three years ago I remember reading, as many of us in this House had occasion to read, the election address of the right hon. gentleman. In that address he used, if I remember rightly, the remarkable words—

“I am opposed to all hereditary offices of whatever kind they may be.”

One would expect that, if there was a single sincere democrat in the Government, the President of the Local Government Board would be the man. What is the explanation of the fact that he, too, is now in favour of postponing the appeal to the country? Two explanations suggest

¹ Mr. Burns.

themselves to me, which I place at the disposal of my hon. friend. I can hardly expect that he will appreciate the first as clearly as I do. The first is the extreme inconvenience of a Constituency in Scotland. I do not doubt that the President of the Board of Trade¹ will confirm what I say. I am told that the position of the President of the Local Government Board in Battersea is very uncertain, and that Battersea is not seething with such indignation against the House of Lords, as those parts of the country in which no bye-elections have happened to occur. The second reason why it is rumoured that the President of the Local Government Board is not in favour of an immediate election, is that he desires continued access to official sources, pending the completion of an interesting work to be entitled "How I Saved England," recommended to the public by that graceful suppression of the author's individuality, which has already made him so popular upon the Labour benches. I shall probably be asked, and an explanation is certainly due, as to why the President of the Board of Trade¹ is not in favour of an immediate appeal to the country. Have even the Boanerges lost their thunder? At first sight, it would seem very difficult to suggest a reason, if one looks back to his previous utterances, such as that of the 25th June 1907, "At no distant date we shall open our bombardment." That is very nearly two years ago, and, at present, the artillery is silent as the grave. In the same debate he said—

¹ Mr. Winston Churchill.

"The House of Lords is one-sided, hereditary, unpaid, unrepresentative, and absentee."

I should have thought it was time now to develop this bombardment against a Chamber properly described in these contemptuous and carefully prepared adjectives. The only explanation I can offer why the right hon. gentleman shares the desire for delay, which unaccountably pervades the whole of the Ministerial front bench, is that he cannot tear himself from the work of elevating in an official position the whole tone and spirit of our public controversy, and of lending dignity and weight to the majestic subject of our national trade. We can ill spare a shining example in high place of that spirit of moral exaltation, which many competent observers thought had forsaken English politics with the late Mr. Gladstone. I, for one, hope that I shall listen to many more of the courteous and conciliatory impromptu speeches, to the preparation of which the right hon. gentleman has devoted the best years of his life. Perhaps I may be permitted to make an observation about the Minister for War.¹ Here, at least, we have a clear and sufficient reason for delay. He said, recently, that the history of Liberal Governments for the last fifty years shows that a certain amount of reaction has always appeared after three years. The House will at once see the simplicity of an explanation recognising that reaction has now appeared. In other words, he does not appeal to the public indignation with the

¹ Mr. Haldane.

Lords, because he is satisfied that no such indignation exists. The House should recollect that there are other reasons why the Secretary for War does not wish to retire to the obscurity of private life. As the House is aware, the right hon. gentleman has formed an alliance, on equal terms, with the *Daily Mail*,¹ and the author of a well-known melodrama,² and these three well-assorted comrades have devoted their services to the recruitment of the Territorial Army. The Minister for War said only yesterday that

“He looked forward to the time when the Territorial Army would be as large as the German Army.”

Could any one be expected, after filling the double rôle of Napoleon and Moltke, to return with tranquillity to the tedium of the Chancery Bar?

Then there is the Chief Secretary for Ireland,³ and I confess that, at first sight, his attitude gives me considerable difficulty. The only explanation I can give, is that the right hon. gentleman cannot turn himself from a subject which lends itself so much to the sallies of a pretty wit, as the present condition of Ireland. When he indulges in his witticisms, I do not believe that he is, in any way, indifferent to the horrors which unhappily appear the subject of his humour. The right hon. gentleman belongs to that type of man, who would still be fiddling, if all his colleagues were burning—particularly if the Attorney-General for Ireland⁴

¹ The *Daily Mail* at this time contained a series of articles advocating enlistment in the Territorial Army.

² “An Englishman’s Home,” which was being played at the time at a London theatre.

³ Mr. Birrell.

⁴ Mr. Cherry.

was burning. With regard to the case of the Chancellor of the Exchequer,¹ he is believed at one time to have been strongly in favour of ascertaining the will of the people, before the Budget was introduced, but when it was pointed out that this course would place the Government in the position of absconding bankrupts in relation to the provision of Old Age Pensions, he said, I imagine, that it did not matter to him, as he was finished anyhow.

How is the case put to-day? Let me for a moment treat the question seriously. [Ministerial cries of "Hear, hear."] I should be very sorry if there was anybody in this House, who did not realise the difficulty of treating this question seriously. You cannot make a tragic speech about a comic opera. So far as it deserves serious treatment, what is the position? It is said that by rejecting the Education Bill and the Licensing Bill, which were passed by this House, the House of Lords have rejected something which the people wanted.

Let me first deal with the Education Bill. As my right hon. friend² has already pointed out, if the House of Lords were wrong in the action they took upon the first Education Bill, then the Government were wrong in the Education Bill which they introduced at the end of last session, because every considerable amendment, which the House of Lords introduced into the first Education Bill proposed by the present Government, was in substance introduced in the Education Bill which was proposed from the front Government bench

¹ Mr. Lloyd-George.

² Mr. Balfour.

at the close of last session. In 1906, the House of Lords insisted, in opposition to this House, upon three principles—that religious instruction should be given in all schools to all children whose parents did not withdraw them, that facilities for denominational teaching (commonly called the right of entry) should be granted in all schools, and, lastly, that teachers should have liberty to volunteer their services for such teaching. In 1906, this House rejected those principles; in 1908, in substance, it accepted them. Hon. members will all remember that, when the first Education Bill was introduced, the Chancellor of the Exchequer¹ declared that “Clericalism is the enemy.” Two years later the right hon. gentleman, developing his point, appears in double harness with a Welsh bishop, and supports a Bill which was the very negation of all that had been proposed before. The Chancellor of the Exchequer said: “I would rather have a compromise than a victory.” But that would not have been possible, if the House of Lords had not done that which they are now being blamed for doing.

Sir Henry Campbell-Bannerman, in 1907, still flushed with the spirit of his resolution against the House of Lords, declared that the next Education Bill should be a Bill “on broad lines, which will be our own lines.” And the First Lord of the Admiralty,² who, fresh from the Welsh Revolt, had just begun to preside at the Board of Education, described his intended Bill as “a sword” and not as “a peace-offering.” The present Prime

¹ Mr. Lloyd-George.

² Mr. M’Kenna.

Minister¹ completed the description : "A short Bill, a simple Bill, and a drastic Bill."

Those were days when the spirit of 1906 was still abroad in the land. But when the first Education Bill of 1908—the Bill of the First Lord—was introduced in this House, times had changed. Its experience was as short, simple, and drastic as the Bill itself; it was given a second reading, in which it earned violent abuse from practically every quarter of the House, and was then ignominiously withdrawn. Observing a general decline in the influence of political Nonconformity, the right hon. gentleman, the member for Dewsbury,² who succeeded the First Lord as President of the Board of Education, entered into negotiations with the Archbishop of Canterbury, and produced the Second Education Bill of 1908, which, as I have said, included the very provisions over which hon. gentlemen opposite quarrelled with the House of Lords in 1906. Such a policy was a wise one, but it makes nonsense of the resolution passed in 1907 against the House of Lords, the basis of which was the action of the Lords with regard to the Bill of 1906. You admitted by your last Education Bill that the Lords were right in those days. What then becomes of your resolution of these days? The President of the Board of Education,² made the matter still clearer in a speech which he made to his constituents the other day in defence of his policy of conciliation—

"When he went to the Education Office he laboured for co-operation and not for conflict. . . . He had

¹ Mr. Asquith.

² Mr. Runciman.

since been asked, 'Why should you have attempted a compromise at all.' A wise statesman once said, 'All good government, indeed every human benefit and enjoyment, every prudent act, is founded upon compromise and barter.'"

Those were wise words, but they destroy the whole basis of the case against the House of Lords, so far as education is concerned.

I am, however, still more astonished at the arguments advanced by hon. gentlemen below the gangway¹ to the effect that the country wanted the Licensing Bill. Take any evidence you like, either of hon. gentlemen opposite or their own leaders, I, or any one who takes the trouble, can establish to demonstration, from the lips of Ministers and their supporters, that the country did not want the Licensing Bill. What did the Lord Chancellor² say in the House of Lords? He said—

"The Bill may be an unpopular measure, so much the more reason why this House should pass it."

That is the new theory of Liberal democracy. And what did the Chancellor of the Exchequer³ say about this Bill, for the rejection of which you are asked to pick a quarrel with the Lords? He said—

"It is the greatest opportunity the Lords has had to rise to the dignity of its great profession as an independent institution, far removed from the passion and interest which sways the multitude."

¹ The Labour party.

² Lord Loreburn.

³ Mr Lloyd-George.

That is modern democracy as understood in Wales. You appeal to the "multitude" to punish the Lords for throwing out a Bill which the "multitude" did not want. A statement of that kind involves the admission that the Licensing Bill, in the opinion of the Government, does not represent the will of the people. The *Labour Leader* said of the Licensing Bill that "it was a Bill which does not stir the pulses of the people."

A well-known Socialist paper, called *Justice*, said of the same measure—

"The House of Lords has kicked it out with contumely, and the Government know, if they dissolve Parliament on this issue, they will be soundly beaten."

The Labour member for Bradford,¹ writing in the *Clarion*, said—

"The Bills which have been slaughtered by the Lords are of doubtful popularity, and it is putting it very mildly to say that the popularity of the Licensing Bill is very doubtful."

In the face of that evidence, and of the statement made by the Chancellor of the Exchequer² that "there has been a sensible reaction of feeling against the Government of an unfavourable character," how can it be contended that the Licensing Bill was popular, or that the House of Lords came into collision with the will of the people by throwing it out? The President of the Board of

¹ Mr Jowett.

² Mr. Lloyd-George.

Trade¹ has impliedly admitted this, because he said in the country in a recent speech—

“I assert that there is no reason, as the history of this country abundantly shows, why a general election at a well-chosen moment should not retrieve, and restore, the whole situation.”

Upon that I make two comments. Firstly, the admission is implied that the present is not a well-chosen moment; and, secondly, if there is need for some policy to retrieve and restore the whole situation, there must be something which requires restoration, and stands in need of retrieval. As the President of the Board of Trade¹ and the Chancellor of the Exchequer² know, the only thing which requires retrieval at the present moment is the popularity of the Government. The only determination which animates Ministers is that they will cling to office in the hope, ever growing fainter, of reducing the distrust and contempt which the country feels for them, their policy, and their futile threats. We cannot, indeed, compel them to appeal to the country, because that decision is in their own hands; but we can at least invite them to drop the banality of this resolution and the Bill which is to follow it, until they have made up their minds to face the electorate on whose support they so arrogantly count. There is no one in this House who does not know that, if the Government believed that they could have won a majority against the House of Lords when the Licensing Bill was

¹ Mr. Winston Churchill.

² Mr. Lloyd-George.

thrown out, they would have appealed to the country. Consider the strength of a Government, returned on a plain issue placed before the democracy of England. If, instead of indulging in vague bombast, the Government had appealed to the country, and had been returned to power, they could have sent across the corridor a message saying, "You threw out this Bill ; we went to the Bar of the people of England, and we return, armed with their mandate, to curb and control your ancient pretensions." The Government know well that no such consequences would have followed, and, therefore, they adopt the simpler course of indulging in declamation upon provincial platforms. I suggest to Ministers that they should drop the whole farce, until the performance is ready to commence. If they choose rather to conduct their crude and clumsy rehearsals in public, our opinion of their statesmanship may decline, but they are none the less entitled to the gratitude of the country, for a large contribution to the gaiety of nations.

XVII.

FAIR WAGES.

March 10, 1909.

[The following speech was delivered in the House of Commons during the course of a debate on a motion moved by Mr. J. Hodge (Lancs, Gorton), on behalf of the Labour party, to the effect that the Fair Wages Clause in Government contracts should be so amended, as to provide that the contractor shall pay to his workmen not less than the minimum standard rate of wages recognised by trade societies in the district, and observe the recognised hours and proper conditions of labour, or, if there be no such standard rate of wages, not less than the minimum standard rate of wages recognised by trade societies customarily executing such class of work in the nearest district, and observe the hours and conditions of labour prevailing in respect of the particular trade in such district. To this motion an amendment was moved by Mr. Sydney Buxton, the Postmaster-General, on behalf of the Government, to the effect that the contractor should pay rates of wages and observe hours of labour, not less favourable than those commonly recognised by employers and trade societies in the trade in the particular district, or, if no such wages and hours are recognised in such district, those recognised in the nearest district, where similar industrial conditions exist.]

MR. DEPUTY-SPEAKER, SIR,—As the hon. member for Stoke¹ observed, there has been unanimity in all parts of the House upon the reasonableness of the policy which is described as the Fair Wages policy. The hon. gentleman is entitled to say, as

¹ Mr. John Ward.

he did, that both on the Government benches, and on the Opposition benches, and below the gangway the principle of the Fair Wages Clause is unreservedly and generously accepted. I do not express a preference between the terms of the hon. gentleman's¹ motion, and the amendment which has been moved from the front bench, but, speaking with a knowledge of what has happened in Liverpool, I know that the Fair Wages Clause in use there is one which, if it does not go quite as far as that advocated below the gangway, goes a considerable length, and is one which has been found satisfactory in operation by the working classes and their employers in Liverpool. I refer to the Corporation's Fair Wages Clause.

I rise, as the hon. gentleman may gather from the terms of the amendment which I put down, but which I am precluded, by the trend of the debate, from moving, to call the attention of the House to a slightly different, although a cognate aspect, of the same subject. A Treasury Committee recently examined into the whole question of fair wages, and one of the witnesses was the Secretary of the London Chamber of Commerce, a gentleman who, I think, every one would agree, was highly qualified to speak with experience on behalf of the manufacturers of this country. He expressed the opinion, that, however desirable in the interests of English labour insistence upon the Fair Wages Clause might be, unless it were found possible to impose similar conditions upon foreign competitors, an extension of the clause would cause

¹ Mr. John Hodge.

hardship amongst English contractors, and would increase the amount of unemployment amongst English working men.

I have listened to a debate which has now proceeded for two hours, and every speaker has shown strong reasons for protecting one body of English working men against another body of English working men. I rise now to make an appeal, I hope upon unprovocative lines, to the Labour party, and, if possible, to elicit how they propose to meet the difficulty presented in this connection by the existence of foreign competition. It is, I suppose, inconceivable that they have given no reflection to this particular difficulty, and, therefore, are unable to make an answer, and we shall no doubt learn the position of the Labour party, and the arguments which have led them to the conclusion at which they have arrived. I do not appeal to hon. members opposite who are convinced Free Traders. Their view, which is simple, logical, and inexorable, is that, in the case of foreign contracts, the Fair Wages resolution must be subordinated to the doctrine of spontaneous exchange. That is a very simple doctrine—that the goods introduced will be cheaper to the English consumer, for the very reason that the foreign exporter is not bound by the Fair Wages Clause; that if we buy from the foreign producer, he must in turn buy other commodities from us, and that, therefore, our home employment, considered as a whole, does not suffer. Take, for instance, the question of granite, which has lately been prominently before the

House, and has no less interested the country. The position of the Free Trader—which is not the position of the Labour party—is this: It is quite true that we cannot insist upon the Fair Wages Clause in foreign contracts, and that artisans in granite in this country may suffer, inasmuch as their employment depends upon employers, who are bound by the Fair Wages Clause, but, at the same time, other artisans profit by hypothetical Norwegian imports. In other words, it is worth while exposing our artisans in a particular industry to the competition of cheap foreign labour, in order that the foreigner may benefit other artisans in England, by giving orders here in payment of what is owing to him under the granite contract. I may, perhaps, ask where is the security that he will not accept payment in raw materials, and whether it is suggested that, in that event, the working classes receive a compensating return for their admitted loss of employment in the other case? However, that is the Cobdenite position. But that is not the position of the Labour party. On this point, they are not strict Free Traders. There was a celebrated contract, in connection with which this controversy assumed an acute form—I mean the horse-shoes case. The Free Trade case there was perfectly simple. It was that, though we buy horse-shoes from abroad, English workmen are in no way injured, because those on the Continent who supply us with horse-shoes will, and, in fact, must, buy something from us.

THE FINANCIAL SECRETARY TO THE WAR OFFICE

(Mr. Acland): Not on the Continent; in America. Does the hon. member suggest that the American firm was not paying fair wages?

Mr. F. E. SMITH: Whether they paid fair wages or not, does not in the least matter to the argument. ["Oh."] It matters only if the hon. gentleman is prepared to say, on behalf of the Government, that, in the case of all Government contracts given abroad, the Government does insist on the observance of fair wages conditions. If he does not mean this, what is the use of interrupting me to call attention to an isolated accident?

Mr. ACLAND: In the only case the hon. member mentioned, we are certain that the wages were perfectly fair and good.

Mr. F. E. SMITH: The hon. gentleman says that that is so in one particular instance. But the case made against him is not confined to one case. He fastens with triumph upon a particular case where wages are higher under a system of protection. What I ask is, whether the position generally of this Free Trade Government is that contracts should not be given abroad, unless the Fair Wages Clause is observed, and the hon. gentleman studiously refrains from giving a reply. It is, of course, notorious that members of the present Government canonise Cobden in their dealings with foreign nations, while they treat him as an idle visionary, when faced with his *laissez faire* views in domestic matters. But let me make an observation on what I conceive to be the position of the Labour party on the horse-shoes contract. If the hon. gentleman is correct

in saying that the Fair Wages Clause was observed in the United States, the passages I am about to read will make it still more clear that the responsible leaders of the Labour party are not Free Traders. The hon. member for Barnard Castle,¹ who leads the Labour party with great industry, and with all the requisite inconsistency, was interviewed by the *Morning Post* at the time of the horse-shoes contract, and this is how that strenuous and logical advocate of Free Trade expressed his view——

Mr. LYULPH STANLEY: On a point of order. Is the hon. and learned gentleman entitled to convert this discussion into a Fiscal debate?

Mr. DEPUTY-SPEAKER: I think the hon. and learned gentleman is entitled to argue that the question about which he is now speaking is one that ought to be taken into account.

Mr. F. E. SMITH: I quite understand that the point of view I am presenting to hon. gentlemen opposite is one which they would gladly avoid. This is what the hon. member for Barnard Castle¹ said——

“It is a bitter disappointment to me to find that any further orders for War Office requirements have been sent abroad. As a general rule, the money raised from the British taxpayer should be spent in his own country, and for the benefit of his own class. Cheapness is not everything. We must have regard to the provision of work for our own people. These are hard times. Many English workmen are unem-

¹ Mr. Arthur Henderson.

ployed, and it ought to be one of our first duties to see that these men have employment."

The hon. member for Woolwich¹ said—

"I am all in favour of keeping everything we can in the hands of our own manufacturers and work-people. You have to regard every pound's worth given to a foreign country as a pound's worth we should keep to ourselves."

Mr. ARTHUR HENDERSON: I think it is only right, as the hon. and learned member has quoted me, to state that this was an interview which followed immediately after an inquiry into affairs at Woolwich—an inquiry at which I was chairman of the Committee. The Committee, over which I presided, recommended that, when there was so much machinery standing in Woolwich, wherever the Government could give orders, these orders ought to go to Woolwich. It had nothing whatever to do with the other question of Free Trade or Tariff Reform.

Mr. F. E. SMITH: The hon. member is somewhat more of a Protectionist than I am. I am not able to support a measure of Protection in the particular interest of Woolwich. I do not, however, doubt that the Free Trade member for Woolwich will go the Protectionist lengths which the hon. gentleman desires. I do not understand the hon. gentleman to dissent from the accuracy of the report which appeared in the *Morning Post*.

Mr. ARTHUR HENDERSON: I only object to the inference drawn from it by Tariff Reformers.

¹ Mr. W. Crooks.

Mr. F. E. SMITH: It is not a question of inferences. It is a question of what the hon. gentleman explicitly said. The hon. member says that cheapness is not everything, and that we must have regard for the provision of work for our own people. He was dealing with the contingency that the Government might give further contracts abroad, and he protested in the interest of working-class employment. Is this Free Trade or Protection? Is any hon. gentleman on the benches opposite prepared to say, as a Free Trader, that he supports the views put forward by the leader of the Labour party? His expressed view is that, by keeping contracts in this country, we shall "discharge our first duty" of finding employment for the unemployed. In this view he was, in my judgment, unquestionably right; but that, holding these views, he should still call himself a Free Trader is to prove that he has not mastered the elements of a question, on which he is accustomed to speak in a tone of great superiority. What is the position in which the Government and the Labour party place the English manufacturer, and, therefore, the English workman, by insisting on more exacting conditions of employment under the Fair Wages Clause? They insist on fair wages; they insist that certain hours of labour should be observed; they insist that there should be a certain proportion of apprentices to journeymen; and, fourthly, they impose certain conditions on employers, in relation to the employment of women and children. It is not inopportune to point out that the Chancellor of the Exchequer,¹ in

¹ Mr. Lloyd-George.

a recent speech in my own constituency, stated that we surpassed any country in the world in all these respects. In other words, as regards the rate of wages, the hours of labour, differentiation between apprentices and journeymen, and wise and humane regulations in relation to female labour, the conditions of employment in this country are, in his view, higher than in any country in the world.

It follows that every contract placed abroad must be given to artisans who work under conditions inferior in these respects to those of the artisans of this country. If a sempstress in the East End of London works under hideous conditions of labour, she is deprived even of the scanty wage which keeps her from the workhouse, in order that a foreign sempstress, working under worse conditions, may filch away her poor living by the bait of a few farthings' economy. Is there—to take another illustration—any one in the House who will defend the importation of foreign prison-made goods? Yet, upon the true principles of Free Trade, why not? We buy cheap. The consumer benefits. Is there a single Labour member who dare go to his constituents, and inculcate the naked doctrine of Free Trade in relation to foreign prison-made goods?

AN HON. MEMBER on the Ministerial Side: The hon. member forgets that the goods made in the East End go to pay for those which we import, and that we should not give employment here, unless we were making goods which we export abroad.

MR. F. E. SMITH: The hon. gentleman hardly expresses himself with his usual lucidity. The

destination of goods made in the East End is wholly unrelated to the argument which I was pressing upon the House. At the moment when the hon. member interrupted me, I was discussing the views of Labour members, and I do not think that any of them will advocate the importation of foreign prison-made goods. On true Free Trade principles, we ought not to present any obstacles to the unrestricted importation of prison-made goods. But the Labour party would sign their own death-warrants, if they tied such a millstone of obsolete folly round their necks. The Labour party resolutely refuse to expose our artisans to competition from such sources. Englishmen are to be protected—this is the proposition—from the competition of inferior industrial strata. Pure economic laws are subordinated to considerations of flesh and blood; they yield place to the broad claims of humanity. By common consent, as the course of this debate has clearly shown, inferior standards of employment are to be penalised, and they are to be penalised more and more: but if there are to be exceptions to the rule which makes employment more difficult to obtain for the cheaper forms of labour, is it to be tolerated that the differentiation shall be against the Englishman and in favour of the foreigner? Is there any one so simple as to believe that the practice of so penalising our own working classes is unrelated to the pressure of unemployment? The hon. member for the Blackfriars Division of Glasgow¹ said, in his speech on the Address, that the condition of unemployment was worse in England

¹ Mr. Barnes.

than in Germany at the present day, and in a very dramatic sentence he added: "Mr. Speaker, round our doors to-day there surges a miserable sea of workless workers." And the hon. member for Leeds¹ said: "I have seen a man in the streets of London, an artisan of my own class, make a dive in the gutter for a crust a dog would not eat." Such being the horrors to which efficient artisans in this country are reduced, this, it appears, is the opportune moment for straining still further the conditions under which those, who might give employment to them, compete with their foreign rivals. [Several MEMBERS: "Why not?"] If I have not taught hon. gentlemen the answer, their constituents will. The answer is this: If there is a degree of unemployment in this country, which obliges you uneconomically to spend the money of English taxpayers on artificial work for English workmen, you are wrong, grotesquely and ludicrously wrong, in reducing the totality of possible employment in England, by giving a gratuitous advantage to competing foreign artisans.

Mr. HODGE: Might I suggest to the hon. and learned member that, even under Tariff Reform, a Fair Wages Clause would still be necessary?

Mr. F. E. SMITH: I do not dissent from that observation, and I hope to show the hon. gentleman that, under Tariff Reform, it would be perfectly easy to prevent unfair competition on the part of the foreigner, while retaining all the advantages of the Fair Wages Clause. But, at the moment, I was pointing out that, under the goad of extreme unem-

¹ Mr. O'Grady.

ployment, we are now driven to contract, for its alleviation, a huge and uneconomic loan. Otherwise, there might be a good deal to be said for the Free Trade objection that to pay £30,000 more in order to purchase our granite in this country is uneconomic. But it is a curious argument to put forward, on a day when the President of the Local Government Board¹ comes down to this House and admits that he is going to raise, by way of loan, millions of pounds for distribution among the unemployed. Let me address a fair illustration to hon. members below the gangway.

Take a Government contract for machinery requiring 100 men. The English contractor could, without any difficulty, procure 100 of the men of whom an hon. member spoke as diving in the gutter for a crust. He could procure such men and pay a living, but not a fair, wage. But hon. members will not agree to that. They come forward and make rhetorical speeches about people diving in the gutter for a crust, but what do they do to help these 100 men? You perpetuate conditions under which they are constrained to dive for crusts. As far as the tender is concerned, you allow the foreign contractor to tender in your market, and it may be that a Belgian contractor makes a successful application. In respect of the same contract, you might have a Japanese contractor, or—in point of principle, you are committing yourselves to this—if China attained such a degree of industrial efficiency as to compete, you would allow a Chinese contractor to tender and, it may be, obtain the contract. What would be the

¹ Mr. John Burns.

result? Let me again ask hon. members below the gangway¹ this question: Are you or are you not, while penalising the English contractor so that skilled artisans dive in the gutter for crusts, willing to let the Government place contracts with foreigners, who outbid us by employing standards, which you will not allow in this country? If this is the view of the Labour party, on what logical foundation does it rest? Why do they object to the importation of Belgian and Chinese labour into this country, seeing that they allow the product of this labour to come in?

Mr. J. H. WILSON (Middlesborough): They do come. There are over 6000 Chinamen established in this country. The Aliens Bill does not touch Chinamen, and you know it.

Mr. F. E. SMITH: I have frequently said so, and I am glad to notice the admission of the hon. gentleman. May I ask for complete enlightenment, here and in the country, whether this statement represents the view of the Labour party, that Chinese labourers should be allowed to come into this country?

Mr. J. H. WILSON: I should not object to the Chinamen coming, provided they were paid English wages.

Mr. F. E. SMITH: Then it seems that the objections to Chinese labour in the Transvaal, other than those which depended upon the wages paid, are now formally repudiated by the Labour party.

Mr. HUGH LEA: I beg to ask if the debate, as conducted by the hon. and learned member, is not travelling far beyond the bounds of order?

¹ The Labour party.

Mr. DEPUTY-SPEAKER: I think the question of Chinese labour coming to this country is going a little wide.

Mr. F. E. SMITH: I was betrayed into the irrelevancy by an interruption. In fact, the dilemma can be very simply stated. If the Labour party are prepared to allow the product of foreign labour to come into this country without restriction, why should not the labourers, who produce that product, come with the same freedom? The hon. gentleman says that he does not object to Chinamen coming into this country, if they receive the same rate of wages, but that concedes the whole point. You enforce no standard as to wages and conditions of employment against foreign manufacturers, who compete with English manufacturers; but you are, illogically, prepared to refuse admission to the artisans themselves, unless they receive the same wages as yourselves. If hon. gentlemen below the gangway are prepared to allow both the products of foreign labour to come into the country, and the foreign labourers themselves to come in, I rejoice extremely as a party man, because I am profoundly convinced that the democracy of the country and the working classes, on whom they chiefly depend for their support, will never allow it, and I shall be interested to hear whether any of them develop these proposals in their constituencies. But, if that is not the position of the Labour party, then, of course, the conclusion inevitably follows that they are not Free Traders, but Tariff Reformers.

I shall hope to show how a fair wage clause

could perfectly well be enforced upon foreign contractors under a reasonable tariff system. I have seen an agreement between employers and men in the Norwegian quarries, which was made in 1902, and has not been substantially varied, as far as the ordinary labourer is concerned, though it has been altered, in relation to the more highly paid branches of labour. Under the agreement, the men in Norwegian quarries are paid 6d. an hour per day of ten hours. I find this figure confirmed, by looking at the second abstract of foreign labour statistics, which is published by the Board of Trade. The daily wage of skilled labourers in Norway is stated as 4s. 3½d. for a day of ten hours. In this country I am told the rate is 7½d. or 8d. an hour for a day of nine hours, and it is important to remember in this connection that 75 per cent. of the selling price of granite is paid in wages. The House will, therefore, readily see how very material an element in determining the price at which a contractor can tender, is furnished by the amount of wages he must pay. If I am right in these figures, Norwegian artisans work an hour more than English artisans in the same industry, and they work these longer hours for lower wages. Besides, the insurance for the Workmen Compensation Bill amounts to 33s. 6d. for every £100 of wages, which comes to 1¼ per cent. of the selling price of granite. This is a burden which the granite producer in this country must bear; but to which, so far as I am aware, there is no equivalent in Norwegian law. It has been found possible by very competent authorities to reduce to a percentage the extra

burden which is thrown on British contractors by the liability to insure, and I do not think any business man will deny that it is equally possible to reduce to a percentage the difference between foreign and English contracts produced by conditions of employment, hours of work, and rates of wages. If I am right in this view, it does not exceed our ingenuity to reduce to the form of a percentage—I do not say with exact precision, but with sufficient precision—the disadvantages to which the English contractor is exposed in his competition with the foreign contractor. If you reduce it to the form of a percentage, nothing is easier, as the hon. member for Mansfield¹ suggested, than to give a preference to the English manufacturer based upon, and determined roughly in amount by, the difference of conditions between the British and the foreign contractor. You could either do that by means of a preference to the British tenderer, or by means of a duty on the foreign goods. If you achieve the object by either of these means, you have a real Fair Wages Clause. You have a national Fair Wages Clause. You have the one advantage, which is comparatively unimportant, of protecting one branch of English workmen against another; but you also have a Fair Wages Clause which will protect your artisans and your trade unionists in this country against the unfair competition of men who are not paid the standard of wages on which you insist, and who do not work those hours only, which you claim to be the maximum compatible with a decent leisure for the working

¹ Mr. Markham.

classes. I make this prediction, that the Labour party will ultimately, and within the Parliamentary memory of those who are listening to me, drift definitely into Protection, because they are committed to principles which are essentially Protectionist in their character. We know that the Irish party in the same way, since the late Mr. Parnell's interview with Lord Carnarvon, have always insisted on their right to protect Irish commodities from unregulated foreign competition. I venture to make the suggestion to hon. gentlemen who sit below the gangway, whether they be members from Ireland or Labour members, that they should all realise equally with ourselves that they are Protectionists. Let those of us, who are not slaves of this crazy superstition, leave the Cobdenites to perish alone, like Samson, in the ruins of the Free Trade temple.

XVIII.

TARIFF REFORM.

Delivered at Chatham on March 24, 1909.

GENTLEMEN,—I greatly value the opportunity which you have given me to-night of addressing so many working men upon the subject of Tariff Reform. I value it especially, because I know that many among you are in the habit of addressing your fellow-workmen upon political subjects, and if I am so fortunate as to put before you any argument which is worthy of your attention, it will, I know, be presented to a far larger audience even than the great gathering before which I stand to-night.

Any one is foolish who pretends that the fiscal question is simple; that it can be reduced to formulæ, or made the subject of dogma. It is, on the contrary, immensely complex. It is like a stone with many facets, each of them varying according to the point of inspection, each of them deserving, and indeed requiring, a detailed and individual inspection. It is a question which demands a study of economics; but it is, none the less, one upon which an economist, whose mind is unilluminated by political intuition or business training, may go far astray. It is a question of

politics, but one upon which a politician, whose policy is divorced from the science of economics, would hardly be a trustworthy guide. I am presumptuous enough to hope that I may satisfy you that political wisdom, sound economics, and an informed business instinct may march hand in hand to the goal of Tariff Reform.

Now, the first condition of clear thinking upon this subject is that we shall resolutely and once for all refuse to become the slaves of words. Protection and Free Trade are words only. They were suitable to express the controversies of past generations, but they recall at once an atmosphere, and presuppose conditions, which, in the present state of international competition, are old-fashioned, and even obsolete. Speaking, however, for myself, I do not hesitate to reply to the challenge that I should declare myself, although I think that the labels of controversy have long since lost any true correspondence with the industrial problems of to-day. As between Free Trade and Protection, I am a Free Trader. I am a Free Trader—presupposing these alternatives—not because I am convinced by the abstract reasonings of Cobden, which pretend to apply, as an economic generalisation, to any community in any stage of its development, but because I am an Englishman, and looking round at the world, and at the relative commercial developments of the nations to-day, I am satisfied that if foreign nations were misguided enough to accept the same doctrine, English manufacturers, and, consequently, English working men, would gain more by their unrestricted access to foreign markets

than they would lose by foreign competition in English markets. But if I were a Russian or a Canadian, or a subject of the Mikado of Japan, then, as between Free Trade and Protection, I should be a Protectionist, because, in my judgment, each of these nations would gain less by their unrestricted access to foreign markets than they would lose by exposing their relatively immature industries to our highly developed competition in their home markets. No nation under modern conditions can become great which does not possess mature and developed industries, and I am unaware of a single case in history in which a nation has created a generous stream of natural industries under a system of free imports. We asserted, as you are aware, our own supremacy, under a protective system. It is hardly, therefore, necessary that I should admit that, if I were a native of India or an Irish politician, I should insist upon a policy of Protection. Indeed, the strongest argument in favour of Home Rule of which I am aware is that the present government of Ireland imposes upon an unwilling community a fiscal system which Irishmen of all political views unite in condemning. But it is, in fact, a waste of time to consider at length where we stand as between the alternatives of Free Trade and Protection. We are offered no such choice. We must choose between Protection and one-sided Free Imports. Confronted with such alternatives, I am conscious of no doubt whatever. If this indeed be the choice, I am a Protectionist.

To many of those whom I see before me, this

statement, baldly made, may seem startling, and it is my hope to justify it in the observations to which I am about to ask your attention. I have proposed to myself certain definite objects to-night, and it will be for you, in your kind indulgence, to judge how far I succeed in establishing the conclusions which I ask you to accept. I hope to satisfy you (1) that there is more unemployment and consequent misery among the working classes in Great Britain to-day than in any Protectionist country of the first class in the world; (2) that our present fiscal system is largely responsible for that lack of stable employment among the working classes which is the principal cause of their distress; (3) that it is still in our power, by a wise and moderate measure of Tariff Reform, to alleviate many of the evils by which we are at present afflicted. I proceed to consider the first of these points.

The famous admission of Sir Henry Campbell-Bannerman that 13,000,000 of our population live underpaid on the verge of starvation meets us on the threshold of this consideration. If this be true of Great Britain, and not true of our greatest Protectionist rivals, it will be necessary to ask what difference of circumstance or policy, other than a fiscal difference, is available as an explanation. Is then the statement true? I will give you reasons which convince me that it is. I do not at the moment deal with the case of trade unions. The unemployment figures among their members are startling, sinister, and progressive, but the subject of our inquiry is a wider one. Trade unionists

number 2,000,000. Other wage-earners in Great Britain number 10,000,000. What is their condition? That careful investigator, Mr. Booth, in his "Life and Labour of the People," announced his conclusion in these terms—

"The result of all our inquiries makes it reasonably sure that one-third of the population are on or about the line of poverty or are below it, having at most an income which, one time with another, averages 21s. or 22s. for a small family (or up to 25s. or 26s. for one of larger size), and in many cases falling much below this level."

Mr. Booth shows that in London alone—the clearing-house of the world, as Free Traders proudly term it—354,444 men, women, and children live in chronic want on less than 18s. a week per family, while 938,293 persons subsist on less than 21s. a family.

Mr. Rowntree's investigations showed that these incredible conditions applied in an almost exactly similar degree to the city of York. Listen to his conclusion—

"It was found that families comprising 20,302 persons, equal to 43.4 per cent. of the wage-earning class, and to 27.84 per cent. of the total population, were living in poverty."

Nor should we overlook Mr. Booth's reasoned conviction—

"I have long thought that other cities, if similarly tested, would show a percentage of poverty not differing greatly from that existing in London."

These observations were made some years ago, but no one will have the hardihood to argue that the case has improved. It has notoriously grown worse. Nor must we forget that the figures which we have considered do not include the most abject wreckage of our civilisation. To complete the roll we must include the teeming population of our workhouses: we must recall the permanent paupers—numbering 1,200,000 persons—on whom we yearly spend £30,000,000.

I have quoted Sir Henry Campbell-Bannerman; let me now quote Mr. Barnes, the Labour member for one of the divisions of Glasgow. Speaking a few nights ago in the debate upon the Address, he made the following alliterative observation—

“Sir, there is an army of workless workers all over this country; there is a sea of suffering surging round our very doors.”

We may therefore claim that Tariff Reformers, Liberals and Labour members are in substantial agreement as to the extent of the evils which we suffer to-day. I invite you now to analyse this sum total of poverty so as to determine its cause, remembering always that diagnosis is the first task of the capable physician. Here again, gentlemen, I can speak to you with the confidence which is proper to the voice of authority. Mr. Rowntree analysed in York 1465 cases of great poverty, and he arrived at the result that 729 cases, or 57.10 per cent., were due to unemployment, irregular employment, and ill-paid employment. In the winter of 1905 the Charity Organisation

Society examined 2000 cases of distress in West Ham, and found that 55.4 per cent. were in distress owing to "slackness of trade." If time allowed, I could state many similar conclusions by persons whose authority no one would question.

Now I take another illustration of the mischiefs which affect our working-class population. Before Free Trade there was comparatively little emigration from Great Britain. Since its adoption 12,000,000 persons have left this country. In 1900, the net emigration from Great Britain was 71,000; in 1907 it was 237,204. In Germany, on the other hand, the number of immigrants exceeds the number of emigrants, although the German population increases by more than 900,000 a year, while ours increases only by 400,000 a year. In 1906 alone, 600,000 foreign workers emigrated into Germany. Gentlemen, consider these figures carefully; they merit your most earnest study. Tremendous is the upheaval, profoundly seated the motive, when rude and unlettered men endure the bitter parting from kinsmen and friends, and journey to an alien home, with the melancholy message upon their lips that England—

"This happy breed of men, this little world,
This precious stone set in the silver sea"—

is no longer able to afford the means of a decent subsistence to her working-class population.

I take another illustration—the case of agriculture. Free Traders have almost ceased to deny that they have ruined agriculture. The facts are familiar, but perhaps you will bear with me if I

remind you of them. Since 1875, the average area under corn crops in this country has declined by, roughly, 3,000,000 acres, or by 27 per cent., and the land which has passed out of wheat cultivation is considerably greater than the present wheat area of the United Kingdom. Fifty years ago, 2,000,000 people were employed in agriculture in England and Wales; to-day, with a greatly increased population, less than 1,000,000 are so employed. Instead of keeping a vigorous peasantry upon the soil to maintain the standard of English manhood, we have sent them to the town, to degenerate, amid strange surroundings, under the stress of competition and failure. Nor must we forget that the wastage is not confined to humanity. A very competent judge—Mr. Palgrave—estimated in 1905 the loss of agricultural capital which this country had suffered in sixty years at no less a figure than £1,700,000,000.

Now, gentlemen, I have put before you certain facts. I have shown you the extent of our poverty, our actual pauperism, and of our emigration. I have shown you that our cities are full of able-bodied men who want work and cannot find it; while at the same time we have seen agriculture less and less able to support a rural population upon the soil.

Is there any honest man who will pretend that any great country in the world can show so melancholy a picture to-day? I will believe it when I see the industrious and efficient artisans of Protectionist countries flock to these shores. Fortunately, we are not left to vague and conjectural comparisons. Here again we can appeal to the

evidence of our opponents. But a preliminary caution is necessary before we contrast comparative figures of unemployment. The data available are in no two cases identical, so that it is extremely difficult to compare like with like. No honest politician will found dogmatic conclusions upon a comparison between the unemployed statistics of Germany, the United States, and Great Britain. All we can safely do is to compare the views—and the grounds upon which the views are based—of observers who enjoy special opportunities of forming judgment. Not long ago Mr. Asquith claimed that Free Trade countries showed greater elasticity of resource in dealing with bad times than their Protectionist rivals. Has the recent trade depression justified this boast? Mr. Winston Churchill is President of the Board of Trade. He believes as strongly in Free Trade as he does in anything. Yet he has recently admitted in the House of Commons that there is more unemployment in England than in Germany. And we have already observed that Germany in the same year has absorbed into the body politic—as tax-paying citizens—no fewer than 600,000 artisans of other countries. So it is conceded that Germany, with her high tariff, and with the economic drain upon her manhood which is made by conscription, has passed through the recent crisis with less dislocation of the labour market than the greatest free-importing market in the world. Nor do the Labour party dissent from these conclusions. Mr. Barnes, from whom I have already quoted, said, recently, in the House of Commons, “There are less unemployed

men in Germany." And Mr. Sexton stated at the Trade Union Congress, 1908, that—

"Whenever there is a dispute on the Continent, England is made a recruiting ground of blacklegs on behalf of the employers. Thousands of Englishmen have been sent to Germany and Sweden in this disgraceful business. Many of them are strong and capable workmen, driven to accept anything in the way of a job by the pangs of hunger."

It is specially difficult to compare American with English unemployment, because our figures are confined to trade unionists, whereas theirs deal with all labour. Moreover, the conditions and natural resources of the two communities are profoundly dissimilar. But we may dispose of the ludicrous exaggerations which still pass muster upon Free Trade platforms, by the reminder that in 1908 1,000,000 workers passed into the United States under conditions of immigration which provided ample security that they belonged to the desirable alien class. Many of these sailed from free-importing England. How many have come back?

So much, gentlemen, for the relative merits of the two systems in bad times. But you will ask me for a comparison based upon a consideration of the effect of good times, and I will take the culmination of the trade boom in 1906. Even at that time the dimensions of unemployment in England were engaging the anxious attention of our Government. The processions of the unemployed had begun, and complaints were loud on the lips of Labour members in Parliament. At the Colonial

Conference, Mr. Lloyd-George admitted that "at the present moment we have a percentage of unemployment which is rather unpleasant to contemplate." You may usefully observe, gentlemen, that the force of this admission is increased by what immediately preceded. "At the present moment our unemployment has been gradually reduced to a minimum because trade is good." But what was the condition of the labour market in Germany while unemployment here, though "at a minimum," was "unpleasant" for Mr. Lloyd-George to contemplate? He supplies the answer in the next sentence—

"Employment in Germany now is undoubtedly very good. There is as much work to do as they can find people to do it."

The comparison with the United States shows similar results at the same period. Mr. Seymour Bell, British Commercial Agent in the United States, made a report on the trade of the United States for 1905 and 1906. It contained the following passages—

"All branches of trade and industry of the country were more busily engaged [in 1905] than in any previous period in the history of the United States. Notwithstanding the fact that considerably more than 1,000,000 immigrants came into the country there was in certain industries a serious scarcity of labour. . . . The demand for labour in 1906 was so great that railways and manufacturers were actually handicapped in their business, and this in spite of the fact that 1,225,000 immigrants were admitted to the country during the year."

Here again, gentlemen, we must never forget that this stupendous prosperity coincided both with the chronic poverty of our "thirteen millions," and with that special increase in unemployment which Mr. Lloyd-George found so "unpleasant."

Gentlemen, I must not weary your patience. [Cheers: "Go on."] I could multiply illustrations, but I claim to have established the first of my propositions, that there is more unemployment and consequent misery among our working-class population to-day than in any Protectionist country of the first class in the world. I think I have done more, for I have given you reasons for concluding that this statement is true both of good times and bad.

I approach now the second branch of my argument that our present fiscal system is largely responsible for the lack of stable employment among our working classes.

Now, gentlemen, if I begin this part of my subject with commonplaces, it is no fault of mine; it is because our opponents, in the straits to which they are driven, are in the habit of challenging positions which many of us have been accustomed to look upon as axiomatic. The problem which lies before our statesmen is to secure the largest possible markets for the subject-matter of our staple manufactures. The market may be foreign, colonial, or domestic; it ought to be the object of a wisely conceived fiscal policy to secure the maximum, in the aggregate, of these three markets, refusing unduly to subordinate one to another, but, in so far as subordination may ever become necessary, giving the preference to that which, actually or potentially,

is likely to provide the greatest degree of remunerative employment to our working-class population. I postpone the subject of colonial markets, and ask, in the first place, What is the present position in relation to the great Protectionist markets? The broad fact is well known that, putting raw materials upon one side, we are largely excluded from entry into such markets by impassable tariff walls. Some Free Traders have had the effrontery to deny that our industries are injured by such tariffs, but we need not waste time with them, for Mr. Asquith has admitted the truth—

“English trade in these days carries on its operations under great, formidable, and increasing difficulties; the wall of tariffs which excludes us from foreign markets is every day becoming higher and higher.”

Here, then, is one explanation of the lack of employment. If tariff walls make English trade difficult, it is incontestable that the “difficulty” must react injuriously upon the position of English artisans who are engaged in such trades. Perhaps, gentlemen, as we are always accused of economic heresy, I may appeal at this point to one of the fathers of English political economy. John Stuart Mill, in his essay upon International Commerce, dealt, by anticipation, with the position which has actually arisen in this country—

“A country cannot be expected to renounce the power of taxing foreigners unless the foreigners will in return practise towards itself the same forbearance. *The only mode in which a country can save itself from being a loser by the revenue duties imposed by other countries on its*

commodities is to impose corresponding revenue duties on theirs."

Now, mark how our experience confirms Mill's prescience. Every one knows that to-day big and constant markets are the condition of commercial success. I am almost ashamed to point out so obvious a fact as that a country which enjoys (1) a protected home market, (2) free access to our market, (3) an equal opportunity with ourselves in the remaining markets of the world, tariff or non-tariff, will surpass us in the amount of employment which it provides for the working classes, simply because, the larger the market, the greater is the possible output upon a slender margin of profit. Even in bad times hands are less likely to be turned adrift.

Now what is the position to-day? We give to our rivals a free market of 43,000,000 persons in the United Kingdom to add to their own free market. Thus the United States possess an open market of 82,000,000 persons in the United States, plus an open market of 43,000,000 persons in Great Britain, making, altogether, 125,000,000. Similarly, Germany possesses an open market of 60,000,000 persons in Germany, plus an open market of 43,000,000 persons in Great Britain. As against this, we possess only such residue of our open market of 43,000,000 persons, as the unrestricted competition of foreign nations leaves unimpaired. Will any one pretend that this circumstance is unrelated to the acuteness of poverty and unemployment amongst our artisans? It comes to

this. We call ourselves Free Traders, but we have never secured Free Trade for ourselves; we have merely succeeded in enlarging the area within which our Protectionist competitors enjoy Free Trade.

I do not labour this argument, because to-day it is no longer seriously disputed. Let me again quote our opponents. Lord Brassey says in his book, "Work and Wages"—

"The rate of wages in England is limited by the necessity of competition with foreign manufacturers. Employers in England, as elsewhere, only employ labour on the assumption that they can realise a profit by their business."

But we are indebted to Mr. Russell Rea, M.P., the Free Trade member of Parliament for Gloucester, for an admirably clear statement of our point of view. This gentleman read a paper last summer at a congress meeting in London of amiable foreigners, who having failed (if they ever tried) to abolish Protection in their own countries, were obliging enough to come to London and wish us God-speed in our Free Trade. We may pause to admire their cosmopolitan generosity. Believing as they do that Free Trade means prosperity to the country which adopts it, and knowing as they do that their own countries are wedded to Protection, with all its consequential disasters, they have still come to urge us on to greater commercial triumphs by a sustained adherence to the doctrines of Free Trade. Such unselfishness calls for more than a passing tribute; but I must not allow my

sensibilities to make me forget Mr. Russell Rea. He said—

“The nationalistic Protectionist politician decrees that a portion of the capital and labour of his country shall be diverted to particular industries. These industries come into existence. The articles invariably selected for a protective taxation are the particular articles which we English are supplying in the greatest quantities, and apparently with the greatest profit to ourselves. Thus one British manufacturer after another has seen many of his markets restricted, and some entirely lost. He has seen that foreign Protectionist Governments, by the imposition of Protectionist tariffs, not only determine the distribution of capital and the employment of labour in their own country, but in our country too. In their own country they do this in a manner which their fellow-countrymen approve as apparently to their advantage; but, as regards our country, they do it in a manner which is certainly an immediate, and sometimes a permanent, injury to individuals and individual trades, and their express and avowed object is to injure. The direction of our activities has, therefore, been in considerable part determined by the action of others, and that the deliberately hostile action of Protectionist States.”

Now, gentlemen, I ask any candid observer whether there could be found a more convincing admission of the need for Tariff Reform than is contained in this Free Trade speech. Mr. Rea admits that the existence of a tariff enables our chief Protectionist rivals to “determine the employment of labour” not only in their country but in ours. Is it suggested that they have used the sinister power so given them by a tariff in the interests

of our working classes? Is it contended that they consider the needs of our artisans or those of their own when they "determine the employment of labour"? They use their tariff, as every one knows, to produce the maximum of employment for their own working classes, and we, having no tariff, are powerless to "determine the employment of labour" in other countries, or indeed to secure it in our own, with the result that the workhouses and gutters are full of English artisans who cannot find employment. "I have seen," says Mr. O'Grady, the Labour member, "a man of my own class walking along the pavements of London and suddenly dive down into the gutter for a crust that a dog would refuse to eat." Have such incidents as these no relation to the "permanent injury to individual trades" in this country of which Mr. Russell Rea speaks? If an "individual trade" is permanently injured in this way by foreign tariffs, is it not certain that the artisans heretofore employed in such trades will be driven to these horrible necessities?

I have trespassed so long on your kindness that I must conclude this part of my argument with two further illustrations. Each year more and more English capital is invested abroad. Investments abroad mean, in general, employment abroad. They may no doubt mean that our prosperity at home is so great that, of our superabundance, we can afford to invest abroad. To some extent this has in the past been true, but I greatly doubt its truth as a generalisation to-day. Mr. Lloyd George has admitted, what, indeed, is clear, that such investments abroad are made because a higher return

for money invested is obtainable abroad. Why is it that protectionist countries can offer higher interest to investors? I reply without hesitation, because in these countries capital may rely upon constant markets and fostered industries. Are there no openings for capital in England? Would not the further investment of capital in England produce employment here? If you think so, as I gather you do, arm yourselves with a tariff. Refuse any longer to fight with one arm bound and useless.

The second illustration shows the effect upon our foreign trade of the conditions so clearly explained by Mr. Russell Rea. In recent years we have had good years and bad. In the good years our exports of foreign manufactured goods to neutral and foreign markets increased, but not so rapidly as those of Germany and the United States. But what of the bad years? During those bad years Germany, by her tariffs, has kept hold of the home market; but has she forfeited, by Protection, her efficiency in competition with us for foreign markets? How do free imports stand the comparison? The answer is short, simple, and conclusive. In 1908, our exports of manufactured goods fell off to the amount of £40,000,000, while the corresponding German decline is £4,000,000. Is this disparity unconnected with Mr. Churchill's admission that there is more unemployment in England to-day than in Germany? Is it not, on the other hand, clear that, under our fiscal system, employment has diminished to the extent of the wages paid for the manufacture of some £40,000,000 worth of manufactured goods, whereas

in Germany, under protection, employment, in the same period, has only diminished to the extent of the wages paid for the manufacture of £4,000,000 worth of such goods? The first two months of the present year tell the same tale. During that period our sales of manufactured goods to foreign nations have fallen off by 19 per cent., whereas their sales of manufactured goods to us have only decreased by a little more than 3 per cent. All the 1908 figures are instructive. In Germany, the decline in exports, we have seen, was 4.8 millions sterling, or 1.2 per cent.; in Belgium, it was 4.8 millions, or 4.4 per cent.; in France, 12.9 millions, or 5.8 per cent.; in the United States—suffering from a special financial crisis, and from the uncertainty of the presidential election—34.7 millions, or 8.8 per cent.; in the United Kingdom, 48.8 millions, or 11.5 per cent.

What is the explanation of these figures? If tariffs are impossible without taxation of raw materials, how is it that our rivals gain ground upon us in their articles of export which are dependent for their manufacture upon untaxed raw materials?

Now I approach—and you will be glad to hear it—the last of the three propositions with which I am to-night concerned: that it is still in our power, by a wise and moderate measure of tariff reform, to alleviate many of the evils by which we are at present afflicted.

We have already seen that the available markets upon which employment depends are: (1) the home market, (2) the foreign market, (3) the colonial market. If Tariff Reform can improve

our interest in these markets it will admittedly alleviate unemployment in this country. I myself entertain no doubt that Tariff Reform will help our manufacturing population in all three cases.

As far as the home market is concerned reformers are agreed in advocating a 10 per cent. duty upon foreign manufactured goods. This proposal has been made the subject of a particularly stupid dilemma. We are told that either such a tax will exclude foreign goods, or it will not. If it does, "where," we are asked, "is the revenue?" If it does not, "where," we are asked, "is the gain to English labour?" The answer, of course, is that the extent to which the exclusion operates will vary in the case of almost every taxable commodity. Very few such commodities will be altogether excluded; very few will be altogether unaffected. In so far as they are excluded the English labour market will gain; in so far as they are taxed the revenue will gain. Take, for instance, the case of motor cars. Roughly, we import each year £5,000,000 worth of motor cars and their accessories. Suppose, for the sake of argument, that the duty excludes half: the revenue would benefit to the extent of £250,000, and upon a moderate estimate £1,000,000 a year would be distributed in wages among English workmen—a sum large enough to pay £1 a week to 20,000 men. Would not such a change diminish the unemployed returns among our skilled trade unionists? If this process were applied through the whole range of our imports of manufactured goods, would it not produce an immense effect upon the English labour market as a

whole? I look forward to taking the decision of our industrial population upon this clear and simple issue.

Nor is the position less clear in relation to foreign markets. Every one admits that foreign tariffs injure our industries. The controversy is upon the available remedy. The Free Trade position is clear and simple. "We can fight," they say, "foreign tariffs by free imports." And we may usefully note that if the rock-principle upon which free imports depend is sound, they must win every time. Retaliation is and must be futile and injurious. As Mr. Asquith put it—

"If we oppose retaliation as a policy, it is because we believe that in practice it is futile as a weapon of offence, and, in the vast majority of cases, it is infinitely more mischievous to those who use it than to those against whom it is directed."

If these views are well founded we may perhaps ask, Why is the proposed French tariff causing so much disquiet among the traders affected? What does it matter to us? Why not fight it with free imports? If the consumer pays the tax, why not go on exporting and leave the French consumer to pay? Why not "take care of the imports, and let the exports take care of themselves"? The folly and falsity of these pretences was well shown in an admission recently made by Mr. Churchill—

"I see no reason to assume that a Free Trade Government is obliged to sit still with folded hands. I have always been careful to say that Retaliation as an occasional weapon may be used."

Gentlemen, our thunder is being filched away before our eyes. Nothing distinguishes the new French tariff from existing tariffs. If it is higher in some respects, it is lower in others. If we need not "sit still" in face of the proposed French tariff, why, in Mr. Chamberlain's better phrase, are we to take the German tariff "lying down"? The whole case for Retaliation is admitted. Further, how will Mr. Churchill retaliate without a general tariff? Does he think that he can put a tariff on a particular product of French manufacture, thereby benefiting British manufacture, and then suddenly take it off when the object is accomplished?

A duty can only be conveniently raised and lowered in this way if we possess a permanent general tariff. This Mr. Churchill, to complete his inconsistency, admitted at Dundee—

"It is, in my opinion, quite impossible to apply a system of retaliation and negotiation unless you begin on the basis of a large general tariff."

For my part, I have never said or believed that retaliation would procure us a large general entry into protected markets. But it would do something in these markets. The best customer of Germany, the United States, and France can find arguments which the politicians of those countries are perfectly capable of understanding. We should at least make our own tariff arrangements instead of leaving them—under the most favoured nation system—to the benevolence of our competitors. If retaliation were largely successful, we should widen the channels of our foreign trade ; if it failed,

we should help our own working population, and perhaps render unnecessary an annual dole of half a million to the unemployed. But supposing that, for the sake of argument, our opponents are right in their view that no measures in our power to take can abate the tariff walls of our great Protectionist rivals, does not this conclusion make it more than ever necessary to secure those markets in which we still find goodwill and encouragement? This question brings me to the last subject with which I shall trouble you to-night, the value—actual and potential—of our colonial markets. It is necessary to approach this subject with a caution. Our colonies are Protectionist in their views. I think they are well advised, in their peculiar circumstances, to be Protectionists. They have pondered over the counsel of John Stuart Mill—

“The only case in which, on mere principles of political economy, protecting duties can be defensible is when they are imposed temporarily (especially in a young and rising nation) in hopes of naturalising a foreign industry, in itself perfectly suitable to the circumstances of the country. . . . It cannot be expected that individuals should, at their own risk, or rather to their certain loss, introduce a new manufacture until the producers have been educated up to the level of those with whom the processes are traditional.”

We must, therefore, not expect that the colonists will surrender (why should they?) their manufacturing prospects. We must decide upon the value of preference to us by reference to the extent and value of the margin of such goods which for many generations they will be unable to manufacture for

themselves. The question, in other words, is : How much is an effective preference worth to us in respect of such manufactured articles as they must for some considerable time import? At the General Election, many Free Traders were stupid or dishonest enough to deny the value of the preference which we already enjoy. That particular representation has now perished. Mr. Lloyd George said at the Colonial Conference—

“ Let me here express for the Board of Trade, whose duty it is to watch carefully all that affects our trade in all parts of the world, our appreciation of the enormous advantage conferred upon the British manufacturer by the preference given to him in the colonial markets by recent tariff adjustments.”

No other conclusion was possible upon the facts, as I shall show almost in a sentence. The Canadian preference converted a ten years' fall of British trade of from £7,000,000 to £5,000,000 into a ten years' rise of from £5,000,000 to £13,000,000. The New Zealand preference in four years increased our imports into New Zealand by £3,000,000, or 40 per cent. of the whole, while, at the same time, the corresponding imports from foreign countries have hardly increased at all. It is instructive to compare the case of Australia, which gave us no preference until 1907. In the last eighteen years the proportion of imports into Australia from Great Britain declined by 13 per cent., whereas the proportion from foreign countries increased by 13 per cent. Consider, in the light of these facts, Mr. Deakin's prediction at the Conference—

"A substantial preference to the goods of Great Britain in our markets would result in an increase of British trade with Australia to the extent of perhaps 50 per cent."

We have gained an "enormous advantage" already as the result of preference; and we can greatly increase this advantage, if we are willing. "We offer you preference for preference" was the unanimous message of the colonial premiers; so that the practical question to answer is this: Do the advantages of an enlarged preference outweigh any objections which there may be to the necessary concessions upon our part? Let us shortly consider the advantages, and then weigh the objections in the balance.

It is well, first, to consider the present value to us of our colonial customers, and then discuss whether our position can be still further strengthened. At present, New Zealand takes £7, 5s. od. per head of British produce and manufactures, Australia £4, 4s. od., and Canada £2, 2s. od. per head. Germany takes 13s. 3d. per head, France 8s. 3d., and the United States 5s. 9d. per head. Not only is this true, but our exports to the colonies consist almost entirely of fully finished manufactured goods, providing the maximum of employment to the working classes. Nor must we think only of the present—we must throw our eyes far into the future. Our policy must be framed with due regard to the immense possibilities which lie in front of those who offer a further trade preference in their markets. We may recall the eloquent words of Burke when an earlier empire was at the hazard—

“Whether I put the present numbers too high or too low is a matter of little moment. Such is the strength with which population shoots in that part of the world that, state the numbers as high as we will, whilst the dispute continues, the exaggeration ends. Whilst we are discussing any given magnitude, they are grown to it. Whilst we spend our time in deliberating on the mode of governing 2,000,000, we shall find we have millions more to manage. Your children do not grow faster from infancy to manhood than they spread from families to communities, and from villages to nations.”

Gentlemen, in 130 years the population of the United States has grown from 2,000,000 to 82,000,000. Who will dare to assign limits to the growth in an equal period of Canada and Australia? Who will dare deny the value to a manufacturing community, where employment languishes, of a preference in respect of all those manufactured articles, which these teeming populations will still find it necessary to import?

But, gentlemen, not only does our present policy prevent an actual expansion in the volume of our colonial trade ; it involves, unless corrected, the gradual but certain loss of the advantages which we at present enjoy. To the colonies treaties of trade are essential. They are resolved, in the interests of their export trade, to form them. They have offered to make them with us in the first instance ; but if we refuse they will make them with other countries. Canada has already been compelled, by our refusal, to make such a treaty with France, and the result, as I will show you, has been

greatly to reduce the value of the Canadian preference to England. The Minister for Customs in Canada, speaking in the Canadian House of Commons, said—

“My own judgment is that, taken in the gross, the effect of the French treaty will be to reduce the British preference from $33\frac{1}{3}$ per cent. to $23\frac{1}{3}$ per cent.”

But, upon many manufactures, the difference between the two tariffs is, since the Convention, only $2\frac{1}{2}$ per cent. in favour of Great Britain. The tariff on embroidery and lace, under our preferential tariff, is 25 per cent.; under the French treaty tariff, it is 27 per cent. The tariff upon ribbons, under our preferential tariff, is $22\frac{1}{2}$ per cent.; under the French treaty tariff, it is 25 per cent. On silk manufactures it is 30 per cent. under the preferential tariff as against 33 per cent. under the French treaty tariff. These facts are not in controversy. The only observation upon them which the Colonial Secretary, Lord Crewe, felt able to make in the House of Lords was the following—

“There are a few cases, particularly those of lace, and to a certain extent also, of silk ribbons, in which the value of the preference is lost to British goods.”

This, gentlemen, is the way in which the present Government has frittered away these preferences of which Lord Crewe said in the same debate: “We admit the value which they have been to British trade.” They destroy the value of the preference in lace and ribbons, and then, I suppose, make grants to the unemployed of Nottingham.

Nor is the mischief limited to France. Under Article XI. of the Convention—the article dealing with favoured-nation treatment—the advantages of the intermediate tariff and the additional advantages set forth in Schedule C are extended to all countries entitled to favoured-nation treatment at the hands of the United Kingdom under treaties to which Canada is a party. Take, for instance, the silk trade in which Japan and Switzerland are formidable rivals of this country. In 1906, Japan and Switzerland each sent over half a million dollars worth of silk to Canada. Great Britain sent one and a half million dollars worth. Under Article XI. of the Convention, Japan and Switzerland enjoy, *vis-à-vis* with Canada, the same advantages as France, so that the English preference, in competition with them, too, has dwindled to nothing.

It is not surprising, under these circumstances, that the Germans are anxious to gain the advantages which we neglect. Dr. Stresemann recently made a speech in the German Reichstag, urging that in the future economic development of Canada Germany should take a part “correspondent with her industrial capability.” The German Home Secretary, Dr. Von Bethmann Hollweg, made an instructive reply—

“Our relations with Canada have formed for some time past the object of our most earnest attention. On the part of Germany there is no hindrance to the bringing about of an understanding which will permit the entry of the products of each land into the other under favourable conditions. So far the steps taken for this

purpose have led to no result. I cherish, however, the hope that, once again, the Canadian market will be made accessible to Germany and the German to Canada."

It would therefore appear as if every country in the world except Great Britain was prepared to enter into commercial relations with Canada upon terms of reciprocal concession.

You will ask me: Why, under these circumstances, have the Government done anything so mad and wicked as to reject the colonial offer of a further preference, and to permit the existing one to be partially destroyed? Why will they not allow the colonies to increase the "enormous benefit" of which Mr. Lloyd George spoke? Why do they prevent them increasing still further the employment open to our starving artisans? The answer is a monument of inconsistent hypocrisy. "It is," says Mr. Lloyd George, "because we will not tax the food of the poor; that is why we are hesitating." Gentlemen, you and I know that this Government has already, since they came into power, "taxed the food of the poor" to the extent of £60,000,000, and it is hard to listen to such an evasion without anger. Why is it impossible to exchange one of these taxes on food, which cannot benefit the colonies, for a 2s. duty upon foreign corn which would benefit them? I need not remind you that Mr. Chamberlain only proposed to tax foreign corn. Food supplies grown within the empire will come in free, or, on another suggestion, at half the foreign rate, and the proportion of empire-grown food supplies is constantly growing. In 1892 the empire

produced only about 12 per cent. of our total wheat consumption ; to-day it produces about 33 per cent. In ten years more it may well produce 75 per cent. of the whole. At present, about 150,000,000 bushels of wheat are foreign grown. At the Colonial Conference Sir W. Laurier said that Canada now produced 100,000,000 bushels, and expected to reach 600,000,000. The period of this full development is, of course, contingent ; but, as Mr. Deakin observed, there are also Australia and New Zealand. Who, then, would pay the tax upon foreign-imported corn ? In answering that question we must remember that the incidence of a duty as between foreign exporter and home consumer depends economically upon this amongst other questions : Whether, in respect of the particular commodity, there is more competition among those who wish to sell or among those who wish to buy. Here it is common ground that in normal years the foreign wheat producer must find his market, and that the world's supply is fully equal to the demand. Even Mr. Lloyd George admitted at the Conference that some portion of the duty would be paid by the foreigner—

“We cannot say that the duty will not be an element in the consideration of the price. Probably not to the same extent (*i.e.* 2s.) because the fact that you would give a preference to the colonies would, in my judgment, affect the price.”

The position then, gentlemen, is this. In two or three years 50 per cent. of our wheat will come in free, or almost free, from the colonies. The foreign

exporter of the other 50 per cent. must, as Mr. Lloyd George admits, pay some portion of the duty. But if (to take a view which even Mr. Lloyd George does not put forward) we paid it all, the fluctuation in the price of wheat would be one-fifth less than the ordinary fluctuation of the market between the years 1906 and 1907. The effect of a 2s. duty per quarter on corn would be, on this assumption, one-eighth of a penny on the four-pound loaf, inasmuch as a quarter of corn produces about 192 four-pound loaves. And, on this extravagant supposition, the increase would be made up to the working classes by remissions in the existing taxes upon food.

Is it surprising that the "dear food" cry has now begun to recoil upon those who were not ashamed to deceive the poorest of their countrymen? Is it surprising that at the bye-elections this imposture is now treated with open contempt? The only other objection which is much insisted on is that which declares that an effective preference to the colonies is impossible unless we tax raw materials. The answer is again short and simple. We have, repeatedly, told the colonies that we will not tax raw materials, and they still ask us for a duty upon commodities other than raw materials. Confronted with this answer, our pessimists retort: "It is impossible, amid the varying stages of manufacture, to say where raw material begins or ends." Perhaps it is sufficient to ask two questions in reply—

1. Is there a single scientific tariff in the world which purports to tax the raw materials of its staple manufactures?

2. Is there one such tariff which has failed in practice to draw a sufficient distinction between raw and finished materials?

Both these questions can best be answered officially. The following is a quotation from the Report on the Trade of the Consular district of Berlin for the year 1907 (Foreign Office, Cd. 3727-84). The passage deals with German trade to and from Great Britain and the British possessions—

“The relative excess of [German] exports over the imports is explained by the fact that Germany chiefly imports food stuffs, raw materials, and partly finished goods for industrial purposes from the United Kingdom and the British possessions, whilst to those countries she exports principally manufactures which are, comparatively, higher in price.”

Will any one be found bold enough to argue in the face of this experience that tariff reform, or that the existence even of a high tariff, necessarily involves the taxation of raw material?

Gentlemen, I have now come to the end of my task. I am ashamed to notice that I have been addressing you for more than an hour and a half. Your generous enthusiasm must share the blame.

I beg of you to think unceasingly of these problems. Discuss them with your fellow-workmen. Challenge argument and controversy with those who disagree, for truth can only gain by public disputation. But remember, above all, that the time presses for decision. It is vital that the next

election should reanimate the old bonds, and create fresh ones suitable to the ever-growing organism of the empire. So used, it will indeed "lead on" to fortune ; this chance omitted,

"All the voyage of our life
Is bound in shallows and in miseries."

XIX.

SPEECH DELIVERED BEFORE THE CENTRAL COMMITTEE OF THE LIVERPOOL WORKING - MEN'S CONSERVATIVE ASSOCIATION.

August 29, 1909.

I AM glad indeed once again to find myself among the Working-men's Association of Liverpool. At many great crises in the history of the Unionist party we have met together to exchange views. I have often derived advantage from this frank interchange of opinion, and I hope that it has sometimes been useful to you. To-night I am going to discuss one subject—and one subject only—the Budget which is now before the country. It is well to discuss it in the country where—and where alone—discussion is still possible. You know the conditions of our debates in the House of Commons. We discuss these before snoring opponents, for fourteen hours at a stretch, proposals so complex and technical that the majority of them could not understand the argument if awake and in their right minds. And here I must congratulate those of you who come from the West Derby Division upon the part which has been borne in these debates by

Mr. Watson Rutherford.¹ Acute, vigilant, and well-informed, he has won for himself a conspicuous and a well-deserved position in the Opposition ranks. I know—for they have told me—how much the leaders of the party value his devoted services. I know—for I have watched him—how great the strain has been upon his health, and how unselfishly he has supported it. I am going to try to-night to explain to you the nature and probable effects of this Budget, and I shall hope to do so in simple language which every one can understand. The subject is technical and difficult, but I think it may be possible to give a general explanation which will be easy to grasp. It is being recommended as the people's Budget. This name is meant to suggest that it will benefit the people, and particularly the poorest classes. If I thought so I should support it. Much has been done for the working classes, but no one is more profoundly convinced than I am of all that still cries aloud for remedy. I oppose the Budget because, for reasons which I am about to give, its mischievous consequences will fall mainly upon the working classes, because it will increase unemployment, penalise unduly your harmless relaxations, and aggravate generally the evils by which your class is now afflicted. First, let us ask how the present financial crisis has been produced. The answer to this question brings into sharp relief the inconsistency and dishonesty of our opponents. It has been produced, and produced only, by reckless and profligate finance. Let us for a moment drag these hypocrites into the light

¹ Conservative member for the West Derby Division of Liverpool.

of day, and observe how closely they resemble the creeping things which are exposed to the sunshine when a wayfarer raises an ancient stone. In 1901 a member of the present Cabinet moved this resolution in the House of Commons :—

“That the financial proposals of the late Government were objectionable, and do not exhibit that regard for economy which the alarming increase of expenditure imperatively demands.”

The whole Liberal party, including Mr. Lloyd George, supported that motion. I think the *Liverpool Daily Post* did so. What was the expenditure then denounced as monstrously extravagant? It was £135,000,000 a year. To-day the same party is spending nearly £167,000,000, an increase of nearly £32,000,000 in eight years, and in four years an increase of £10,000,000, by a Government pledged to economy. I hope you will know in future what weight to place upon the solemn assurances of Liberals. It is no answer to say that they have introduced old-age pensions. They knew, or ought to have known, that they were about to introduce them when they promised economy.

And here let me deal with another electioneering falsehood. It is said that if the Budget does not pass there will be no money for old-age pensions. Do not believe this. The pensions will continue to be given, and Tariff Reformers have no difficulty in indicating the source from which the money will be forthcoming. Now, in order to understand the Budget, we must clearly appreciate the financial position. We required for the coming

financial year £16,500,000 more money than our old taxes if continued would have yielded. It is to be spent mainly and in round figures as follows: Old - age pensions, £7,000,000; the navy, £3,000,000; National Development Fund, £200,000; labour exchanges, £100,000; valuation for land taxes, £50,000; improvement of roads, £600,000; lessened yield of taxes, £3,200,000. So far as I know, no Chancellor of the Exchequer has ever had to find so large a sum as £16,000,000 in time of peace before. Even while we note the broken pledges of our opponents, we must face the facts. The £16,000,000 must be found. If we came into office to-morrow we should have to find it. We shall be judged in the country by the capacity of our programme to find it. I will now, if you will allow me, examine Mr. Lloyd George's proposals, and I examine each of them from two points of view—first, their effect upon working-class prosperity; and, secondly, their essential justice and fairness. How, then, does Mr. George raise the £16,000,000? Let me give you the figures of the new taxes, asking you carefully to remember that in almost every case they are only new in the sense of being additional. The burdens are onerous and oppressive; they are, however, in the main, existent; a further turn is given to the screw—Beer taxes, £2,600,000; tobacco, £1,900,000; spirits, £1,600,000; income tax, £3,500,000; death duties, £2,850,000; motor cars, £600,000; stamp duties, £650,000; land values and minerals, £500,000; total, £14,200,000. Allowing for contingencies we are still short of about £3,000,000.

Mr. George finds this sum by taking it from the sinking fund, or, in other words, by suspending the reduction of the National Debt to the extent of £3,000,000. Mr. Asquith is never tired of boasting that he has reduced debt. In fact he has done nothing but carry out mechanically Mr. Austen Chamberlain's reductions, and he has now confessed that the party of economy cannot pay their way without arresting the healthy process of debt reduction. Summarising what I have said, we require 16 millions odd. Mr. George finds three in the sinking fund, and about fourteen in new taxes. Let us now consider these taxes in detail. I deal first with the beer taxes, which are expected to yield £2,600,000. I ask two questions about these taxes. First, are they fair? Secondly, are they in the interest of the working classes? You cannot answer the first question without considering the existing taxation. Let me tell you how it stands. In the year ending March 31, 1908, the total revenue from taxes was 130 $\frac{1}{4}$ millions. Of this amount taxes on liquor contributed more than 38 $\frac{1}{3}$ millions, or 29.4 per cent. And as taxation has grown consumption has declined. Thus Mr. Asquith, on May 5, spoke of "the growing inelasticity, almost the stagnation, or even the retrogression of that part of our revenue which is derived from taxes on alcohol." That he was right is shown by the fact that in the last ten years there has been a fall in the consumption of beer of over 3 $\frac{1}{2}$ million standard barrels. Mr. George then is piling up taxation upon a shrinking consumption, because he is not an economist, but merely a poli-

tion. He has probably never even heard Adam Smith's warning that the ultimate effect of a tax may, under these circumstances, destroy the source from which it is derived. At any rate, it is upon a trade thus taxed that Mr. George is imposing further taxation calculated by him to produce £4,200,700 in the current financial year. To state the result a little differently, this trade is made responsible for nearly 30 per cent. of the fresh taxation. It is on the whole convenient to consider the spirit duties side by side with the new duties on beer. Like beer, spirits disclose a falling trade. In the last ten years there has been a decline of over 9,000,000 gallons on British made or imported spirits retained for consumption in the United Kingdom. Now under these circumstances I approach the first question suggested above.

Are these new requisitions fair? Are they founded on justice? Or are they mere attempts in the direction of political retribution? I have no difficulty in answering these questions. I answer them in the language of a Liberal member of Parliament, Mr. Harold Cox. "Mr. Lloyd George sees that certain persons are wicked enough to vote against the Liberal party. He says, 'This cannot be tolerated; come, let us tax them out of existence.' " It cannot in fact be seriously disputed that the licensing proposals of the Budget are an attempt to avenge the defeat of the Licensing Bill of last year. I could establish this view by many quotations, but one or two are sufficient. The Lord-Advocate for Scotland said on October 30, 1908:

“If their bill was thrown out he hoped and believed that they would lay on the trade, not a small paltry fee but a swingeing licensing duty which would enable the country, not fourteen years hence but within the present financial year, to recover what was its own property.” In the same sense Mr. M’Kenna said that “Their hearts were full of rage for the loss of the Licensing Bill, but their object might be accomplished by a more sudden and more violent way.” It is perhaps sufficient, in order completely to express these whited sepulchres, to place side by side with those frank admissions Mr. George’s dishonest claim: “My position is that I am not trying to hit any trade. I am simply a Chancellor of the Exchequer who is short of cash.” Gentlemen, I am not so unreasonable as to complain of our opponents lying, but I wish they would remember to tell the same lie. Now what is the effect of this part of the Finance Bill upon the trade? I say without hesitation that the new taxation is ruinous and intolerable in its incidence. Let me give you a proof of this, which has been stated by me and others, and never answered in the House of Commons. Mr. G. N. Buxton and Mr. F. P. Whitbread are both of them brewers. I think I am also right in saying that they are both Liberals. They point out—as is the fact—that these taxes are founded upon a new valuation, based on the principles on which compensation is paid for suppressed licences. But in the meantime the existing valuation of licensed premises is taken as the basis of the new taxation, 50 per cent. being charged on the valuation of fully-licensed houses, and 33 per

cent. on beer-shops. The effect of the new taxation upon these two large and representative breweries is as follows: Increase of licence duty £89,745, manufacturers' licence £15,000, total new taxation £104,745. Here I ask your attention to another figure.* These two companies divided among their ordinary shareholders last year £61,300. All this the Budget sweeps away, claiming in addition £40,000 from persons with preferential or debenture interests. Now consider what this means. These shareholders, by finding capital, have employed labour. Mr. George comes to them and says: "I am taking, to punish you for the loss of the Licensing Bill, the modest return on your capital." Let me here ask you to note how "The People's Budget" is throughout consistent in promoting unemployment. Now consider the case of whisky, which is the favourite drink of working-men in Scotland and Ireland. Whisky, when it comes from the distiller, is worth from 2s. to 2s. 6d. a gallon. When Mr. Lloyd George became Chancellor there was already a tax upon whisky of 11s. a gallon, or more than four times the value of the spirit. He has increased this tax to no less than 14s. 9d. a gallon, or to seven times the value of the spirit. In other words the people's Budget provides that the working-man shall pay 7d. in taxation for every 1d. of whisky. To raise prices is always unpopular. Mr. George has presumed upon his belief that brewers will not be able to combine to raise the price of beer. But he has gone too far. He has imposed the "swingeing duties" of his colleague with such effect that the

brewers must raise prices or perish. Then mark the comment. Mr. Samuel and Mr. Churchill complain that the brewers will make millions out of the Budget if they raise the price of beer. To this foolish statement I make a short and simple answer. If it is true, why are they opposing the Budget? Why is Alderman Salvidge¹ opposing a Budget which according to Mr. Samuel will put thousands into the pockets of his company? How have the brewers, in Mr. Churchill's phrase, "leapt from the frying-pan into the fire" if they are to make millions by rejecting the Licensing Bill and securing the Budget?

We may then assume that the Budget is unfair to the trade, whose interest it is to sell on the lowest scale of taxation, and that it is oppressive to the working-man, who will have to pay more for his whisky and his beer. So far as the whisky is concerned there is no concealment. Mr. Lloyd George said on May 24th: "There is a possibility we may not get our £1,600,000. This is the first experiment in putting on a tax that drives the retailer to put it on the consumer. I have done that deliberately because I do not think it fair to embarrass the trade, and make it difficult for them to pass it on to the consumer." So far, gentlemen, I wish you joy of the people's Budget. It has raised—and was meant to raise—the price of your whisky. It will assuredly raise the price of your beer, but it considerably spares the champagne and foreign liqueurs of the rich man. These are no dearer than they were before the Budget,

¹ Chairman of the Liverpool Working-men's Conservative Association.

but your whisky—do not forget it—costs per glass 30 per cent. more than before the Budget. There is little more doubt that the fresh taxes upon beer will injure you. Sir Thomas Whittaker long since advised the publican to water his beer, and Mr. Asquith has defended his new taxes by pointing out that the brewer may meet them either by raising prices or by lowering the quality of his beer. Perhaps this democratic Budget treats the working classes more tenderly when we reach the tobacco duties. Let us see whether or not this is so. The proposed duties upon tobacco mean an increase of from 8d. to 1s. per pound. Now what is the incidence of the existing taxes upon tobacco? "Tobacco," says Mr. Snowden, the Socialist member for Blackburn, "is taxed 500 per cent. on the value of the article." To the same effect, Mr. J. Seddon, the Socialist member for the Newton Division: "The workmen paid out of all proportion to the tobacco they smoked. The ordinary working-man who bought 3d. twist paid about 400 per cent., but the gentleman who bought 1s. 6d. cigars paid considerably less." Let me give you the facts with even greater precision. A 2s. 6d. cigar pays only 5 per cent. A 1s. cigar 10 per cent., a 6d. cigar pays 16 per cent., and a 2d. cigar 36 per cent. Cigarettes pay 36 per cent., and the kind of tobacco most of you smoke 500 per cent. But the tax is open to other objections. It imposes a wholly disproportionate burden on one industry, and one article of consumption. A commodity of the total value of £2,000,000 is submitted to a tax of nearly £16,000,000. The effect upon employment here again is wholly bad. The tax dis-

courages tobacco-growing in the United Kingdom, and, as Mr. Redmond has admitted, the effect of the increased tax in the case of Irish-grown tobacco will throw out of employment hundreds of men and women. The tobacco trade, after all, employs more than two million persons. Here again, I ask you, before I pass on, is this part of the Budget democratic? Is it conceived in the interests of the working-men? Is it, in a word, the people's Budget? I answer these questions in the words of a well-known labour leader, Mr. Ben Tillett, the secretary of the Dockers' Union: "The working classes are going to be fooled and robbed at the rate of 2d. in the shilling on tobacco, beer, and spirits, which means 3s. 4d. in the pound." Mr. Tillett might have put the case even higher. The taxes in Great Britain at present on food, drink, and tobacco are higher than in Germany, France, or the United States. The figures for the year 1905-1906 per head of the population were as follows:—

United Kingdom	£1 10 0
France	1 5 4
Germany	0 15 7
United States	0 17 7

In other words, this taxation was twice as heavy as in Germany, about 70 per cent. more than in the United States, and 18 per cent. more than in France. Under the present Budget proposals the proportions are roughly the same.¹

I now pass on to consider two new taxes which may usefully be considered together—the income-tax and the death duties. We have seen that the income-

¹ Mr. M'Kenna has recently, in a speech delivered at Pontypriid, admitted that £12,000,000 of the new taxation will be paid by the working classes.

tax is to bring in an additional £3,500,000 this year, and the death duties an additional £2,850,000. Perhaps some of you think that here at last is to be found the democratic side of the Budget; here at last it may be said it begins to justify its claim to be called the people's Budget. We will consider how far these proposals are likely to benefit the working classes and render their employment more certain and stable. To understand the income-tax proposals we must first understand the present rate of income-tax. The general rate is 1s. in the pound, with the following exemptions and abatements: (1) Incomes of under £160 a year pay nothing; (2) on incomes not exceeding £400, an abatement of £160; on incomes exceeding £400 but not exceeding £500, an abatement of £150; on incomes exceeding £500 but not exceeding £600, an abatement of £120; on incomes exceeding £600 but not exceeding £700, an abatement of £70; (3) on earned incomes the rate is 9d. in the pound when the total income does not exceed £2000. With the above exceptions the rate is 1s. in the pound. Now, it may appear to working men that this is fair and does not affect them much. But let me point out that for years employment in this country has been bad. This evil can only be alleviated by encouraging and enabling capital to find productive occupation; to English working-men it is a vital interest that capital should be encouraged under our laws to invest itself in England, and find employment for you, and not abroad, where it will employ foreign labour.

In other words, the burdens upon capital in

England must not be greater than the burdens upon capital abroad. If they are you will be the principal sufferers. Now what are the facts to-day? In France there is no income-tax at present. There are, it is true, certain direct taxes, such as on buildings, personalty, land, &c., which to some extent correspond with our income-tax, but there is no general income-tax in our sense. The death duties rise from 1 per cent. on the lowest to 5 per cent. on the highest estates. In Germany there is an income-tax varying in the different states, but in none does the State take more than 5 per cent. Municipalities, however, raise revenue in the form of a tax on income, and, including such local taxation, the total charge on income is about 8 per cent. There are no death duties. In the city of New York, the centre of the money market in America, there is no income-tax, and the death duty in the case of direct descent is almost nominal. I have said enough to show you how careful we must be in the interest of the working classes to keep capital employed in England by giving it treatment as considerate as it can find elsewhere. Mr. Asquith himself recognised this truth clearly enough when he was Chancellor of the Exchequer. He said in his first Budget speech, on April 30th, 1906: "In regard to the income-tax, I associate myself with the declarations of more than one of my predecessors that an income-tax of a uniform rate of 1s. in the pound at a time of peace is impossible to justify. It is a burden on the trade of the country which in the long run affects not only profits but wages." In a moment you will see that the people's

Budget perpetuates the tax at a figure larger than that which, in Mr. Asquith's admission, reduces your wages. What are the Budget proposals? The general rate of income-tax is raised from 1s. to 1s. 2d., an amount equal to the rate during the Crimean War and the South African War, and only twice exceeded since the tax was re-imposed by Peel. The lower rate of 9d. on the earned incomes of those who show that their total income does not exceed £2000 a year is unchanged, and the rate on the earned income of those who show that their total income is between £2000 and £3000 is left at 1s., instead of rising to 1s. 2d. Incomes exceeding £5000 are to pay an extra 6d. for every pound by which the total income exceeds £3000, or, in other words, incomes over £5000 are to pay tax at the rate of 1s. 8d. in the pound, subject to a rebate of £75. Now, gentlemen, I am not on principle opposed to a super-tax. I shall have to pay this, and I hope I shall do so cheerfully. But I am arguing one point and one point only—are we, or are we not, taking all the new burdens upon capital together, piling them to such a height as must aggravate unemployment? And here let me remind you in passing that already before this Budget, but under this Government, more English capital was invested abroad in one year than in any single previous year in the whole history of British finance. And remember always you suffer from this—not the capitalist. Now I pass from the income-tax to the death duties, but before considering their joint effect let me remind the modern Liberal of Mr. Gladstone's weighty words in 1857: "The income-tax is an

admirable instrument for national purposes upon a great and adequate emergency, but it is a dangerous instrument to maintain in time of peace."

In dealing with the death duties a word of caution is necessary. They are often discussed as if they affected only land. In fact land only represents about 12 per cent. of the aggregate property liable to these duties. They affect, with exceptions, which I will presently explain, all estates, and they affect most of all those large firms whose unimpaired financial vigour is essential in the interests of the working classes. The first criticism I make upon these duties is that in imposing and extending them the State is living upon its capital. To do this is as improvident for the nation as for an individual. It means that we are paying our way from day to day not out of income, but out of capital—a slice of which is appropriated instead of being allowed to produce—by giving employment—other income, which might be the legitimate subject of taxation. The death duties were originally imposed by Sir William Harcourt in 1894, and they were increased by Mr. Asquith in 1907. Let me show you the extent of the changes which are now proposed. For the sake of a complete comparison I add also the increase in income-tax. In 1894 an estate of £50,000 paid £66 income-tax and £3000 death duties. It is to pay now £116 income-tax and £4000 death duties. An estate of £100,000 paid £133 income-tax and £7000 death duties; it must pay now £233 income-tax and 10,000 death duties. An estate of £500,000 paid £666 income-tax and £42,500 death duties. It will now be

liable to pay £1600 income-tax and £65,000 death duties. An estate of £1,000,000 paid £1300 income-tax and £90,000 death duties; under this Budget it will pay £3200 income-tax and £160,000 death duties. Finally, I take an estate of £3,000,000. In 1894 it paid £4000 income-tax and £270,000 death duties; it must pay now £10,000 income-tax and £320,000 death duties. In other words, in the case of such an estate the State to-day takes one-tenth as death duties. But this is not all. Suppose—and this has actually happened—that the new heir pays his tenth of the whole estate, and then dies in six months. Once again the State steps in and takes another tenth, with the result that one-fifth of the whole of this estate disappears in twelve months. And note another anomaly. The scale of death duties is regulated against the individual, not by the amount inherited by him, but by the amount of the total estate of which possibly he only inherits a small portion. Thus an estate of £100,000 pays on the new scale in estate and legacy duty 10 per cent. whether left to one son or divided among five; so that in the latter case the man who comes into a property of £20,000 pays at the rate of 10 per cent., whereas the scale on which an estate of £20,000 is assessed is 6 per cent. Thus, of two men inheriting £20,000, one pays £1200 and the other £2000. Now, gentlemen, I can hear some of you, or at least some of your trades union friends, saying: “Here at last is good business for us; at any rate this part of the Finance Bill is the people’s Budget; what could be better than to take one-fifth of a

fortune of £3,000,000?" Gentlemen, this sounds both simple and plausible. Only if it is true, why stop at one-fifth? Why not take all, or at least half? Let me tell you why in my humble judgment such proposals, however attractive at first sight, will be ruinous to the working classes, and will add still further to the long roll of the unemployed. In the first place the £600,000 of the £3,000,000 which you take is capital. In the ordinary course it would fructify. Indeed it must fructify. No one to-day buries gold in the earth. And in fructifying it must employ labour. But Mr. George intervenes and says: "I will stop this healthy and beneficial process; I will take this large slice of capital, and instead of allowing you to employ labour therewith I will use it to pay my bills for the present year. In other words, I will permanently sterilise a large part of the wage-paying resources of capital." This process has already gone far. In 1899 the capital liable to estate duty was £292,000,000; in 1907 it was £282,000,000. The figures are not yet available for 1908. I would particularly caution you against supposing that the whole question is one of idle millionaires. I care little for them except that they should not be driven away. I care very greatly, however, for the effects upon working class employment.

Let me illustrate the grave risks you are running by showing the effect of these crushing burdens upon one of those large business enterprises which pay wages to so many of you. Take a business working with a capital of £700,000 and giving employment to 150 working-men. The head of

the firm dies, and Mr. Lloyd George takes £84,000 from the capital to pay for Irish land. A year later the son meets with an accident, which causes his death, and another £70,000 is appropriated for the expenses of the year. The capital of the business is now £550,000, and out of that Mr. George takes £1750 a year for income-tax. Is there any one so foolish as to imagine that you can go on doing this without injuring labour in the country? Perhaps the business, whose circumstances we have considered, is too well established here to be moved. But even so it will carry on its operations with shattered resources and impaired vitality. The income of many years is appropriated at one swoop, and the first and most necessary economy is the dismissal of labour. And as the working-man leaves the factory or the mill on Saturday night for the last time I hope he will remember to give thanks for the people's Budget. Nor is it an answer to say that the death duties may be evaded by the activity of joint-stock enterprise. There are many trades which can only be carried through by the energy and enterprise and willingness to take risks of the individual. But apart from this, if large fortunes hitherto engaged in trade are replaced by a number of small shareholders, where is your revenue from death duties? Under any circumstances you cannot consume capital for expenditure and employ it in trade as well. But another case must also be considered. Capital is always vigilantly searching for the most promising fields of investment. A prudent Government will multiply the inducements given to capital to invest itself in

this country. Do you think that a man with a million to invest in railways, or steel and iron works, or mills, will choose a country with a low income-tax or a high one, with low death duties or high ones? Ponder over the answers to these questions, and you will see how the people's Budget strikes at the heart of the people's employment. Nor is it an answer to say that a rich man can insure against the death duties. Take the case of the hated millionaire who adopted Sir William Harcourt's suggestion and insured against the 1894 duties of £90,000. Assuming he was then fifty years old, the premiums upon his policy of insurance would amount to about £4000 a year. In 1907 Mr. Asquith increased the liability to death duties by £20,000, and being now sixty-three, the further premium he has to pay for insurance will probably amount to £1600. Now, when he is sixty-five, Mr. Lloyd George proposes a further increase of £60,000 in his death duties, and if he desires to insure this sum he finds himself charged with a further premium of £5400. In this case, therefore, the man who would insure against the whole of the death duties would find the cost of the premiums about £11,000. In other words, if his estate yields him 4 per cent. income the premium will absorb 27.9 per cent., or 5s. 7d. in the pound, of his annual income. But the same man must also pay £3258 income-tax under the Budget proposals. Taking, in other words, his contribution to the revenue under these two heads alone, and ignoring the land taxes, the motor taxes, and his enormous payments under the head of indirect taxation, such

a man pays £14,000 a year out of an income of £40,000 a year. If you add his probable contributions under these various heads, you are within appreciable reach of half his income. For myself, I think that these burdens are excessive. But I do not ask your pity for the individual. He can no doubt live adequately upon the £20,000 a year, as indeed he could upon £5000, possibly even upon £500. I am asking you one question, and one only—What is the effect of such proposals upon your interests? Is such a man likely to invest his money here and employ you, or in the Colonies, the Argentine, or the United States, and employ others? And in answering this question, never lose sight of two indisputable facts. First, as I have told you, that more English capital went abroad in a recent year than ever previously; and, secondly, that in the same year here in England unemployment and pauperism were eating into the vitals of our people.

We see, therefore, the danger of loose Socialistic proposals, and how, like a boomerang, they strike, with injurious rebound, the nation which invokes their specious aid. So far we find no justification for the title the "People's Budget," unless, indeed, it is so called just as a certain powder is termed "insect" powder not because it nourishes insects, but because it destroys them. Before I come to the land taxes I must say a word in passing upon the new tax upon mineral royalties. I do not, in the first place, argue whether they are excessive or not. I refer to them as the crowning proof of Mr. George's recklessness and ignorance. In the

Budget as introduced there was no tax on royalties, but there was a tax on ungotten minerals. This tax was warmly defended by Mr. George. One glimmer of principle illumined the muddy rhetoric with which he championed his fantastic invention. The tax was justified on the ground that it justly penalised those who, having minerals, failed to develop them. The proposal perished, still-born, amid general derision. Mr. George, however, still undefeated, substitutes for the tax which was to punish the man who did not develop his minerals a tax on royalties, the one and only consequence of which is to penalise the man who does. Such is the financial consistency of a mind trained in the county court and upon the platform when applied to the majestic problem of national taxation. Remembering the vulgar heat with which Mr. George defended the "ungotten minerals" bantling, which he has since placed upon the parish, we shall know what weight to attach to other arguments not less vulgar and equally ignorant. Of the merits of a tax upon royalties I make three comments only. First, that it will certainly increase the cost of minerals, such as coal and iron, while tending to reduce the wages of the getters; and, secondly, that it is essentially a tax upon capital, and, therefore, open to the objections indicated above in dealing with the death duties. Minerals are part of the freehold; once removed, they are gone for ever. The royalty is the price of the capital value of the mine, not of its income. Therefore, the proposed tax, instead of being a tax on the income of that price, is a tax on the capital, and on a 4 per cent.

basis minerals pay twenty-five times as much as any other class of property. Under the existing law, when minerals belonging to a church are worked the royalty is treated as capital, and the incumbent takes the interest of it. To place minerals on a par with other property they should be taxed on about one twenty-fifth part of the royalty, instead of on the whole. When the colliers of England understand the real tendency and effect of these proposals they will be as grateful to the Government as they are now believed to be for the Miners' Eight Hours Act. In the third place, such a tax carries out an ancient Liberal principle, by giving a preference to the foreigner. New burdens are placed on the shoulders of all concerned in the mining industry, and when cheaper tenders for Government contracts are made by foreigners, who are not exposed to the same taxes, we are told that Free Trade compels us to accept the cheaper foreign tender. Is it surprising that unemployment grows among quarrymen?

Now I pass on to the widow's cruse of the Budget—the tap which is always turned on when other falsehoods flag and fail—the land proposals. Even among your number—thoughtful and intelligent as I know you to be—it is possible that some are attracted by the land clauses of the Budget. It may be you will say to me: “We see the ignorance and the dishonesty of the Finance Bill up to this point, but surely the land clauses at least are conceived in the true interests of the people. Have we not here, at any rate, a people's Budget?” I will attempt to answer that question with, I hope,

the same candour and the same argumentative methods which I have used up to the present.

What, then, are the land proposals of the Finance Bill? And when I have answered this question we will consider in your interest, as well as in mine—for I own no land—whether these proposals are likely to prove beneficial to us and to the community at large. But before we analyse the proposed taxes, one very important circumstance must be noted. They cannot be imposed until a valuation—a new Domesday Book, as Mr. Churchill calls it—has been compiled of every acre of land in the country. The valuation is not of the land as it is, which would be expensive and difficult enough, but of a new abstraction called the site value. No two experts will take the same view of this value, and no two lawyers will take the same view of the clause which defines it. As the bill stands this valuation—thanks to the Opposition—is to be paid for by the State. Mr. Asquith estimates its cost at £2,000,000, a ludicrous underestimate, if the new Domesday Book is to be anything but a fantastic conjecture. Such estimates are not Mr. Asquith's strong point, and no one who remembers his gross inaccuracy in estimating the cost of old-age pensions will be misled by this optimism. The best experts are of opinion that the minimum sum on which such a valuation could be effected—observing the closest economy—would be £5,000,000; and they are also strongly of opinion that landowners, large and small, having regard to the supreme importance of the valuation to them, will be compelled to spend at

least three millions for their own protection in watching and possibly correcting the valuation. My own experience in valuation cases leads me to reject both figures as inadequate; but for the sake of the argument I accept them. What then is the result? A new valuation is indicated by the Finance Bill at the cost in the aggregate of £8,000,000. You may reasonably suppose that such expenditure is not to be incurred at a time when unemployment is general, money scarce, and the national deficit of the year unexampled without a return correspondingly fruitful. You have not forgotten that the money required is £16,000,000. How much is the people's charter—the land taxation—which itself will cost £8,000,000, estimated to produce? The original estimate of the yield of the land and mineral taxes combined was £500,000, equally divided between them. The land taxes themselves therefore—for which alone the valuation is necessary—were intended to yield £250,000. But half of this sum has now been surrendered to the municipalities, so that the yield to the taxpayer is reduced to £125,000. Now, however, even this figure cannot stand unchallenged. Mr. George's "concessions"—most of which he has totally failed to understand himself—have certainly once again halved this figure of £125,000, leaving a net total yield of about £62,500. Think carefully of this result. The people's Budget requires £16,000,000. It adds £8,000,000 to its liabilities for a valuation—of which you and I will ultimately support the cost—and then produces the magnificent result of

£62,500 to set against liabilities which it has wantonly swollen by the cost of this ridiculous valuation from £16,000,000 to £22,000,000. And this is called the people's Budget! For myself I do not think so meanly of the people.

Now, what are these taxes? I consider them in the following order—(1) Increment value tax, (2) undeveloped land tax, (3) reversion tax. Stripped of technicalities, the increment tax clauses provide that if the site value of land increases after the initial valuation, one-fifth of such increase shall be appropriated by the State. The tax will become due and be collected (*a*) when any land or interest in land is sold; (*b*) when any lease of seven years or more is granted; (*c*) on the death of the owner of the land or any interest thereon. Let me explain this a little further. A and B, two sons, are each left £500 by their father on his death. A spends his £500 on South African shares; B spends his £500 in buying a tiny plot of land in the Walton Division of Liverpool. He pays a little more than he otherwise would because it is known that the electric cars are likely to run near his plot, a circumstance which will one day increase its value. Five years pass. A has made £50 on his shares. This he is allowed to pocket. In the same way B's property has appreciated in value to the extent of £50—a modest return one would have thought for standing out of his money for five years. Of this £50 the people's Budget takes £5. Why is A, who speculated in shares, to be better treated than B, who speculated in land? But I take another

illustration. Brown inherits £1000 from his father. He buys two small properties each for £500. As before five years pass. Property A has increased in value by £50; property B has decreased by the same amount. How does the people's Budget treat Brown? It confiscates £5 of his £50 gain, and leaves him to bear the whole of his £50 loss himself. Now I venture to ask you upon this point a plain and simple question. Why is a man who has invested his money in land to be treated differently to a man who has invested his money in Consols. Only one answer has been attempted, and of this Mr. Asquith is entitled to the whole discredit. He said at Sheffield on the 21st May that increment arising from social causes in the case of land is normal, regular, continuous, and progressive. It is perhaps sufficient to reply that the last report of the Commissioners of Inland Revenue gives the following figures of decrease in value under the head of lands in the years between 1897 and 1906: Essex, 11 per cent.; Suffolk, 9 per cent.; Kent (outside the Metropolis), 7 per cent.; Somerset, 6 per cent.; Norfolk, 6 per cent. Nor is the statement always true of our large towns. When it is true the increase is often due to expenditure upon buildings, and in London, Liverpool, Woolwich and many other places it would be easy to give instances where values have depreciated. Mr. Asquith amplified his defence on June 10th:

“As regards much of the land . . . there is a steady advancement in its capital value not due to any effort, enterprise, or expenditure on the part of the owner, but—this is the important point—foreseen or foreseeable when the land was acquired by its owners. That en-

hancement of value arises from the growth, activity, and expenditure of the community."

Here we may note—before dealing with the central argument—the admission that the increase was foreseen or foreseeable when the land was acquired. If this be true, is any one so foolish to believe that the vendor did not make the purchaser pay for an increase which was foreseen? And if he has paid why are we to tax him specially? But the central argument is that the increased value arises from the growth, activity, and expenditure of the community. To some extent this is true, but it is true of every trade and profession. Take, for instance, my good friend, Sir Edward Evans,¹ or take the editors of the *Daily Post* and *Courier*. The patent medicines of Sir Edward Evans and our excellent local papers all derive a higher value from this same "growth, activity, and expenditure of the community." Would they or any of them like to pay an increment value? If one was enforced what would Sir Edward Evans and Sir Edward Russell say of the people's Budget? And there is another question. If the increase really "arises from the growth, activity, and expenditure of the community," why stop at one-fifth? Why not take all? Mr. Richards, a Labour member, says quite frankly he hopes to do so, and Dr. Cooper, the Liberal member for Bermondsey, has recently expressed the hope that the increment duty on land will soon be 50 per cent. instead of the modest 20 per cent. imposed by Mr. Lloyd George.² Here

¹ For many years leader of the Liberal party in Liverpool.

² Even Mr. Churchill has recently expressed the view that all the increment should be taken.

allow me to point out that if there is anything in the claim at all the "community," which in the case, for instance, of a Liverpool increment, is entitled to benefit is the Corporation of Liverpool, and not the country as a whole. Why should Bermondsey, or the Isle of Wight, benefit because we ratepayers in Liverpool have spent large sums in improving our city? We are told that half the yield of this tax is to be repaid to the municipalities. But there is no earmarking, and we in Liverpool must share what, according to the theory, are our rights with fifty other municipalities who may have produced no increment at all, and so economised their rates. Accepting his own theory, Mr. George robs you, the citizens of a great and enterprising city—whose enterprise is reflected in its rates—first by taking half your increment himself, and, secondly, by distributing the remaining half among all the unenterprising and low-rated districts in England, Ireland, Scotland, and Wales. I do not at the moment argue whether the ultimate yield of the land tax will be considerable or not. But if it is, it is Liverpool money, and a stealthy Welsh hand is filching it from your pockets.

Now let me deal with another point. We are told that land is unduly held up for a profit, with the result that there is a shortage of land for workmen's cottages. It is perhaps worth noting that there are nearly 500,000 vacant houses in England, and many thousands in Liverpool, but I pass that by. It is sufficient to say that the law gives compulsory powers enabling municipalities to acquire such land at a fair price. If these powers are inadequate

(which I doubt), they can be strengthened. Nor am I in principle averse to enabling municipalities to levy rates in a proper case when unreasonable holding up is clearly established. But perhaps this consideration belongs logically to the undeveloped Land Tax to which I now pass, expressing as I do so the hope that I have satisfied you that very little case has been made out for special taxation under the head of increment of those who have invested in land, and that you cannot so tax them without gross injustice to many small investors and friendly societies. The effect of Clauses 10, 11, and 13 is to impose an annual charge of $\frac{1}{2}$ d. per £1 upon the site value of land, of which the site value exceeds £50 an acre, unless it has been developed; (1) By being built upon; (2) By being used *bonâ fide* for any business, trade, or industry other than agriculture. The first comment I make is that here again the tax is levied annually upon capital values, and it is levied upon something that is or may be unrealisable at the time of taxation, and the value of which may never accrue. Take the case of agricultural land near a town upon which a site value is put exceeding its agricultural value, and exceeding £50 an acre owing to the existence of an expectation that it may be built upon before the next valuation five years later. In the expectation that the land will within the five years come into the building market, the owner must pay duty on the difference between the site value and the actual agricultural value. Suppose that the land does not come into the building market. What happens? He has

paid for five years a duty based upon a factor which has proved to be incorrect, and he cannot recover a farthing from the State. And note a further consequence. "A" bought land a year ago. Under the Finance Bill its selling value is at once depreciated to the extent of the capitalised value of the tax. In other words, if he wishes to sell to-morrow to "B" he must accept a price lower to the extent of that value. This means that the whole of the burden of the undeveloped land tax falls upon the present owners of land. Many of your great friendly societies are owners of land. There are more than one million persons, many of the humblest classes in this country, owning land. The agricultural exemption which we have extorted from the Government is still incomplete, and many such persons will find their land suddenly depreciated in value to the full extent of the capitalised value of the tax. Members of friendly societies should note that Mr. George's so-called concessions are quite illusory. The clause as amended provides (1) that no reversion duty or undeveloped land duty is to be paid by certain bodies, including some of the friendly societies, or any land occupied and used by them. This only exempts such property as Foresters' or Oddfellows' halls, or the offices of friendly societies, and gives no exemption whatever either from reversion duty or undeveloped land duty to their ground-rents or other investments in realty. The amendment further provides (2) that no periodic increment value duty is to be collected on any property owned by these societies, whether occupied and used by

them or not. But this exemption has no value, as the periodic occasion for the collection of increment value duty from corporations and societies is only in substitution for the occasion which arises on death, when property is held by private individuals. The property of all corporations and friendly societies is still left liable to increment value duty when it is either sold or leased, and as the amount is arrived at by comparison, the exaction of the full duty is only postponed by omitting the periodic collection. Friendly societies then are not protected. To what extent are they affected? Take for instance the Prudential Insurance Company, a corporation which represents the savings of many working-men. It owns freehold and leasehold property, £3,730,000 ; freehold rents, £4,800,000 ; mortgages in property, £8,900,000—a total of more than £26,000,000. I take another instance, the United Kingdom Temperance and General Provident Institution. This corporation—also a great bank of the working classes—has invested in mortgages in realty, £1,400,000 ; in freehold property, £530,000 ; in leasehold property, £114,000 ; and in ground rents, £2,470,000—a total of nine millions. Once again I ask why are poor men who have invested scanty savings in land to pay a tax which is not imposed upon a man who at the same time invested the same sum in Consols? Never forget that Government valuers are to decide whether the site value exceeds £50 an acre, and so becomes liable to the tax. Our new reformers bawl, “Back to the Land,” and when they get people there, tax and harass them out of

existence. There never was a greater fallacy than that the majority of our landlords are rich. The position of many of them is well illustrated by that of the Earl of Denbigh, who recently wrote to the *Times* as follows :—

“I happen to be the owner of an estate of about 5350 acres on the borders of Warwickshire and Leicestershire. I take the following figures from my audited estate accounts for the year ending March, 1908:—Receipts: Rent, £6382; sale of timber, &c., £508—total, £6890. Expenditure: Rents, &c., £1196; mortgage interest, £1057; rates, taxes, &c., £909; repairs, &c., £1118; farm labour, £668; house, gas, gardens, pensions, &c., £1435—total, £6966.”

So that Lord Denbigh, like many other county gentlemen, is actually running his estate at a loss because he likes the people and knows them, and because it is a pleasure to him to live in the county where his ancestors lived before him. And do not let us forget another circumstance. The whole theory of the undeveloped land tax is to impose a penalty upon persons who “hold land up.” We have repeatedly asked for such instances. None have been forthcoming. A member of the Select Committee of the Glasgow Bill made, uncontradicted, this statement in the House of Commons :—“We heard evidence for eight months, and we could never get one single case in which it appeared that land was unreasonably held up.”

Do not forget that the defenders of this tax are the same scatterbrained crew who recently defended on the same grounds the similar tax on minerals, from which they are now retreating with mutual

recriminations. And, above all, do not forget that, while Budgets come and Budgets go, the economic laws of supply and demand are permanent and inexorable. The pressure of these laws has done more, and will do more, to bring land into the market than all the muddled experiments of theorists and Socialists. For these and other reasons, which if time allowed I could elaborate, I am satisfied that the result of the tax, like those we have already considered, will be to cause distress among many deserving persons, and unemployment among those who are dependent upon them. That it will benefit one single man in this room I most absolutely deny.

Now let me pass on to consider the tax upon leasehold reversions. Here at least I may be told the Socialists have found a weak joint in our armour; here at least the Budget is democratic; here at least was one glimmer of truth in Mr. George's Limehouse vulgarity. Let us examine these proposals carefully. Clause 7 (1) provides that on the determination of any lease of land reversion duty shall be charged at £1 for every full £10 in the value of the benefit accruing to the lessor by reason of the determination of the lease. The principle sufficiently appears from these words, and we need not for our present purpose trouble to define "benefit," or to enumerate the exceptions which have been admitted. Now, the first necessary step is to clear our minds completely of class prejudice. If the principle is good, it is unnecessary to call such prejudice in aid; if it is bad and vicious, it is not improved because you apply it upon a

larger stage. In other words, if our politics are honest we shall treat with scrupulous equality the Duke of Westminster and the small building speculator. If this is not to be our view, why not embody our politics in a simple formula, "Here is a duke; let us take his watch." We may leave this kind of politics to Mr. George and Mr. Grayson, and approach the matter in a somewhat fairer spirit. Now, in order to understand how the much-abused ground rent system has arisen we must enumerate three classes of building method—(1) The landowner may sell his freehold out and out to a building speculator; (2) the landowner may grant a lease for 999 years (this course was adopted historically for technical reasons, and is really equivalent to parting with the freehold; (3) the landowner may grant a lease for ninety-nine or eighty years, retaining a reversion at the end of the term. We may eliminate the first two cases, and confine ourselves to the third, in relation to which the controversy has principally arisen. We cannot better exhibit the objection to the tax than in the instances selected by the late Lord Bramwell:—

"A man has three pieces of land of the same size, situation, and value. On the one he builds a house at a cost of £1000 and lives in it; on another he builds a house at a cost of £1000 and lets it at a rack rent of £65, putting the annual value of his land at £15; the third he lets to a tenant at £5 a year for fifty years, on the terms that the tenant lays out £1000 in building a house. The landowner gives up £10 a year because he will have the house at the end of fifty. The tenant is willing to build the house and give it up at the end of fifty years

because for these fifty years he will have land for £5 a year which is worth £15. Can any human being give a reason why any one of these three houses or their owners should pay more taxes or rates than any other of them?"

Certainly I may ask where is the blackmail in such a proceeding? What has the landlord done which is wrong or unfair? And we may add that whatever any other landlord has done, Mr. Lloyd George's Government has done over and over again. I belong to a club in London which held valuable premises under the Crown as ground landlord. Our lease approached its termination, whereupon the Government raised the rent from £200 to £2000. Was this a fine? Was it blackmail? It was nothing of the kind; it was an ordinary business transaction, with no grievance on either side. And if the Government may do it without being blackmailers, why may not the Duke of Westminster? The answer, of course, is that to vulgar demagogues dukes are good copy, and Government property is not. Further, we may ask why, if the system be blackmail, allow it to continue at all? Why does Mr. Lloyd George become a receiver of stolen property by taking a tenth? His case, face to face with the Duke of Westminster, is:—"You are a blackmailer, and I want a tenth of the money of which you have swindled the public." For myself, I tell you plainly that if we are coming to this class of politics, I prefer the full-blown Socialist like Mr. T. F. Richards, M.P.: "Mr. Lloyd George wants 20 per cent. of unearned increment; I want the other 80. That is the only difference between us."

If, gentlemen, it is a choice between Uriah Heap and Bill Sikes, give me Bill Sikes. I make two further observations upon the taxation of ground values. The system of ground rents has survived because it meets a want. It has enabled workmen's dwellings to be erected in the manner which experience has shown to be, on the whole, most suitable to all the parties concerned. Meddle with the system and you will check the flow of capital into natural channels; you will arrest the building process which you desire to encourage, and you will aggravate the already severe unemployment in the building trade. In the second place, you are taxing property which has changed hands for money in the reasonable expectation that it will be exposed to no exceptional burden. I have already shown that many of your friendly societies and insurance companies have invested largely in ground rents. This was fully admitted by Mr. Asquith on the 10th of July: "I believe that insurance companies both here and in Scotland are largely interested as investors in ground values. . . . Existing contracts will be rigidly respected as sacred." This promise has been grossly violated. A ground rent upon a ninety-nine years' lease has a marketable value after nineteen years while eighty years remain to run, yet the Bill gives no protection unless it has been purchased within thirty years of its determination. Gentlemen, such are the land taxes—their yield is pitiful, their machinery oppressive, and their morality contemptible. If this Bill becomes law to-morrow there is not one of the evils which afflict working-men to-day which would be ended

or even alleviated. Such—for I omit the minor taxes—such is the people's Budget. As a nation we are reduced to the diet of the dog who lived upon its own tail. We are to prey, it seems, upon our own capitalists. In summarising its tendency let me recapitulate the taxes imposed by the Bill upon land and persons interested in land. They are as follows: The increased income-tax, the super-tax, the increased estate and succession duties, the doubled settlement estate duty, the increment value duty, the reversion duty, the undeveloped land duty, the minerals duty, the doubled *ad valorem* stamp duty in conveyances, the greatly increased stamp duty upon voluntary conveyances, and the increased stamp duty on leases. Gentlemen, do not let us, because we do not happen to own land ourselves, look on all who do as blood-suckers or victims. Even a duke is entitled to fair treatment.

Such is the Budget. What will be its fate? Wise and experienced heads will decide whether or not the House of Lords will insist not upon its rejection, but upon a reference to the constituencies for decision. This course might be popular or it might be unpopular; it would certainly not be undemocratic. What democrat could complain if the Lords said: "We will pass the Budget if the people want it, but we will take their decision from them and not from a gang of interested place-hunters." I notice Mr. Cherry¹ has lately paid a visit to Liverpool. He expressed a hope that

¹ Attorney-General for Ireland, and Liberal member for the Exchange Division of Liverpool.

the Lords might reject the Budget. On the whole, I think that Mr. Cherry is the clumsiest of the political acrobats to whom Liverpool has offered a transient hospitality. Mr. Cherry has long since been aware that when the election comes he must face, in the Exchange Division, the Catholics whom he betrayed, and pay for the pledges which he broke. His attempt to shift the venue of his trial by screaming "Tax land," reminds me of an elephant making a heavy attempt to be diplomatic. I have always heard that Mr. Cherry's site value in Ireland was, to put it politely, less than at present. The very adequate remuneration which he receives to-day is due to the "growth, activity, and expenditure" of his Liverpool constituency. Why should he not pay increment duty upon his salary? I cannot tell you whether or not Mr. Cherry's wish will be gratified. But one fact is beyond dispute. If the Lords should insist that the people of England pronounce upon the Bill before it becomes law, they will have the most complete constitutional justification before their action. The rule—imperfectly established and depending only upon resolutions of the Commons—that the Lords shall not interfere with finance has always been qualified by the condition that the Budget shall provide for the finance of the year, and for nothing else. Here, again, the Government have broken the golden rule that they shall all tell the same lie. The Master of Elibank, an influential Minister, has announced that the Budget is a social programme for twenty years. Mr. Haldane has said: "This Finance Bill is not to be taken as a Bill with hidden purposes and far-

reaching policies behind it. It is a Bill to raise revenue for the purposes for which revenue is absolutely necessary, and to these purposes it is confined." Another Minister says its object is to encourage long leasehold periods instead of short ones; still another that it will close public-houses, and a third that it will prevent overcrowding in the slums. If these claims are true the Lords have admittedly the right to deal with it. It has never been disputed that the jurisdiction of the Lords cannot be ousted by tacking on to finance Bills provisions alien to their necessary scope, and then claiming to share in the immunity which has been conceded in the Second Chamber to finance Bills alone. Here we have a valuation Bill wholly distinct from any financial object, and intended to attain a purely political object. Further, Mr. George has flatly contradicted Mr. Haldane's statement that the Bill provides only the money required this year. Speaking on July 8th, he said: "I have budgeted for a surplus and a very substantial surplus next year." What right has he to violate the great maxim laid down by John Bright for the guidance of Chancellors: "Leave the money to fructify in the pockets of the people"?

The underestimating has been gross and unashamed. Let me establish this proposition. Take first the yield of the pre-Budget taxes. Mr. George has told us that no reliable estimate can be formed without taking a three years' average. Applying this method we obtain a sum of £19,400,000, or £800,000 in excess of the Budget estimate. Similarly in estimating the yield of the excise

duties Mr. George has anticipated a decrease of £2,000,000, a supposition without warrant, and without precedent. As to the new death duties, testing them by the value of the estates of persons dying in 1907-8, the underestimate is £600,000. In the tax on spirits the case is still more flagrant. The increase in taxes is 33 per cent., yet the revenue is expected to show an increase only of 7.5 per cent. Mr. George told a pressman that he allowed for a reduction in consumption of 11 per cent. Even accepting this figure, the revenue of the increased spirit duty should have been put at about £1,500,000 more than the estimate.¹ We find, taking these figures together, that Mr. George is taking from us this year about £3,800,000 more than our financial necessities require. Why is your beer and tobacco to be taxed for these wild-cat schemes? Why are the Lords not to say: You may be right or you may be wrong in your diagnosis of the popular will, but at least the people shall be consulted before these things are done?

I have completed my task. I thank you for the patience with which you have heard me. I cannot better close than by the memorable warning of Macaulay: "In the security of property civilisation depends; when property is insecure no climate however delicious, no soil however fertile, no conveniences for trade and navigation, no natural en-

¹ I have left these observations unaltered, although it would now seem that the increased taxes on whisky are to yield less than the old. This result is even more disastrous to Mr. George's reputation as a financier.

dowments of body or of mind, can prevent a nation from sinking into barbarism ; when, on the other hand, men are protected in the enjoyment of what has been created by their industry, and laid up by their self-denial, society will advance in arts and in wealth notwithstanding the sterility of the earth and the inclemency of the air, notwithstanding heavy taxes and destructive wars."

INDEX.

A

- Admiralty, the, and armour-plates, 125; and steam, 125
- Agriculture, decline of, 282
- Akers-Douglas, Rt. Hon. A., and the Edalji case, 93
- Asquith, Rt. Hon. H. H.—
 - and the Boer War, 4
 - on foreign tariffs, 287
 - on the House of Lords, 182, 245
 - on Liberal education policy, 182
 - and the Liberal League, 4
 - on the M'Kenna Education Bill, 1908, 183, 253
 - on the reluctance of the Conservative Government to appeal to the country, 245
 - on retaliation, 295
 - on the Trades Disputes Bill, 1906, 25
 - on the unpopularity of the Licensing Bill, 219
 - on the value of licensed premises, 146

B

- Barnes, Mr. G. N.—
 - on unemployment in England, 267, 283
 - on unemployment in Germany, 283
- Belloc, Mr. Hilaire, and Chinese labour, 8
- Bennett, Mr. E. N., and prohibition in America, 65
- Birrell, Rt. Hon. A.—
 - on the Boer War, 4
 - on the Education Bill, 1906, 129
 - and parents' rights, 128, 141, 195
 - on religious tolerance, 186
 - why disinclined for a general election, 250
- Boer War, the—
 - attitude of Liberal party towards, 4
 - Mr. Birrell on, 4

- Boer War, the (*continued*)—
 - Sir Henry Campbell-Bannerman on, 4
 - Mr. Haldane on, 14
 - Sir J. Lawson Walton on, 14, 77
 - Lord Rosebery on, 4
 - Lord Wolverhampton on, 4, 77
- Booth, Mr. Charles, on poverty, 279
- Brassey, Lord, on foreign competition, 289
- Burke, Edmund, on the development of nations, 300
- Burns, Rt. Hon. John—
 - on cost of unemployment, 269
 - on hereditary offices, 247
 - why disinclined for a general election, 248
- Bye-elections, the, in 1908—
 - Dewsbury, 221
 - Haggerston, 222
 - Kirkdale, 138
 - and the Licensing Bill, 220
 - Mid-Devon, 221
 - Newcastle, 222
 - Newport, 222
 - North-West Manchester, 179, 184, 221
 - Mr. Churchill and education at, 184
 - Peckham, 179, 221
 - Mr. Lloyd-George on, 178
 - Pudsey, 222
 - South Hereford, 221
 - South Leeds, 221
 - Wolverhampton, 222
 - Worcester, 221

C

- Campbell-Bannerman, Rt. Hon. Sir Henry—
 - and the Boer War, 4
 - moves House of Lords resolution, 75
 - on the M'Kenna Education Bill, 1908, 252

- Campbell-Bannerman, Rt. Hon. Sir Henry (*continued*)—
 on our naval position, 110
 and parents' rights, 128, 141
 and the Trades Disputes Bill, 18
 on unemployment, 278
- Capture of Private Property at Sea—
 The *Alabama* privateer, 116
 Commercial blockade, 124
 Declaration of Paris, 117, 119, 120, 121
 Food supply, our, report of Royal Commission on, 116
 Germany and, 120
 Lord Loreburn on, 118, 123
 Lord Palmerston on, 122
 Mill, John Stuart, on, 120
 Robertson, Mr. Edmund, on, 122
 Supply of raw materials, 118
 Speech on, 108–126
- Cecil, Lord Hugh, and parents' rights, 140
- Cherry, Mr. R., and parents' rights, 32
- Chinese labour in South Africa, Mr. Churchill on necessity for, 10
- Chinese slavery cry, the, Liberal posters as to, 5; at the general election, 1906, 9
- Chiozza Money, Mr., on the German diet, 11
- Churchill, Rt. Hon. Winston S.—
 on Mr. Austen Chamberlain, 87
 on the House of Lords, 83, 85, 248, 249
 and Lord Milner, 12
 and the Manchester bye-election, 184
 on the necessity for Chinese labour in South Africa, 10
 on retaliation, 295
 based on a general tariff, 296
 on unemployment, 283
 on the unpopularity of the Liberal Government, 256
 why disinclined for a general election, 249
- Clifford, Dr., why minister at Westbourne Park Chapel, 31
- Clynes, Mr. J. R., on the universal Eight Hours Bill, 201
- Clubs—
 affiliation of, 229
 and drunkenness, 70
 compared with public-houses, 154, 155
 Entertainments at, 177, 178
- Clubs (*continued*)—
 Increase in number of, 68, 69, 174, 229
 Licensing Act, 1902, provisions of, as to, 175, 230
 Licensing Bill, 1908, provisions of, as to, 176, 228
 Lord Ritchie, on registration of, 153
 Whittaker, Sir Thomas, on growth of, 174
 working-men's, in Liverpool, 176
- Crewe, the Earl of, on Colonial preference, 301
 on Education Bill, 1906, 237
- Crooks, Mr. W., and American horse-shoes, 264
- D
- Declaration of Paris, 117, 119, 120, 121
- Dillon, Mr. John—
 on Clause IV. of Education Bill, 1906, 237
 and parents' rights, 140
- E
- Edalji case, the—
 speech on, 91–107
 Committee appointed to inquire into, 92
- Education—
 Act of 1902, Mr. Haldane on, 128
 Bill of 1906—
 Mr. Birrell on, 129
 Clause IV. of—
 Mr. Dillon on, 237
 Mr. John Redmond on, 237
 compared with the Bishop of St. Asaph's Bill, 184
 compared with the M'Kenna Bill, 129–131
 compared with the Runciman Bill, 1908, 251, 253
 effect of, 33
 House of Lords' amendments to, 184, 196, 236, 251, 252
 Lord Crewe on, 237
 opposition in Lancashire to, 84
 speech on second reading of, 28–45
- Bishop of St. Asaph's Bill, the, 183
 compared with 1906 Bill, 184
 Mr. Lloyd-George and, 252
 Mr. M'Kenna on, 183

Education (*continued*)—

Compromise of 1870—

Mr. Forster on, 39

Mr. Gladstone on, 40

Contracting-out—

cost of, to voluntary schools,
134

Mr. Macnamara on, 133, 191

Nonconformists and, 237

in M'Kenna Bill, 1908, 127

in Runciman Bill, 1908, 234

Cowper-Temple teaching, 240

Mr. Llewelyn Williams on, 193

First grant, 42

Free, 46

Liberal party and, 130, 131, 196,
197, 251, 252

Mr. Asquith on, 182

Mr. M'Kenna on, 182

Mickleham School, case of the, 189

M'Kenna Bill, 1908—

Mr. Asquith on, 183, 253

Sir Henry Campbell-Bannerman
on, 252

compared with 1906 Bill, 129-131
contracting-out provisions in, 127

Mr. Harcourt on, 183

Mr. M'Kenna on, 252

Mr. Masterman on, 190

Speech on first reading of, 127-
142

Speech on second reading of,
181-198

Summary of provisions of, 127

Mr. Llewelyn Williams on, 192

withdrawn, 234

Parents' rights—

Mr. Birrell on, 128, 141, 195

Sir Henry Campbell-Bannerman
on, 128, 141

Lord Hugh Cecil on, 140

Mr. Cherry on, 32

Mr. Dillon and, 140

in force in workhouses, 43, 195

the Labour party and, 139

Mr. M'Kenna on, 140

Mr. O'Grady on, 139

the principle of, 194

Passive Resisters, and Anglicans,
240

and contracting-out, 239

distinction between rates and
taxes, 42, 135

grievance of, 239

Relief Bill, 1907, 130

and Roman Catholics, 240

Education (*continued*)—

Religious equality, Sir William
Harcourt on, 38, 45

Religious tolerance, Mr. Birrell on,
186

Roman Catholic schools—

cost of maintaining, 187, 197

proposed concessions to, 185

and religious instruction, 235-
240

Runciman Bill, 1908—

as affecting Anglicans, 236

as affecting Roman Catholics,
235, 240

compared with Lords' amend-
ments to 1906 Bill, 251, 253

contracting-out provisions in,
234

inconsistent with public control,
239

negotiations with archbishop as
to, 234, 253

Nonconformists and, 238

Mr. Runciman on compromise
attempted by, 253

speech on, 234-240

summary of provisions of, 234
withdrawn, 234

School Board system—

Mr. Haldane on a general, 34

Secular education—

Mr. Herbert Gladstone on, 53,
128

the Labour party and, 137

Mr. Lloyd-George on, 44

Tests for teachers, 37

voluntary schools—

cost of maintaining, 134

number of, in Lancashire, 188,
189

public control of, the Govern-
ment and, 239

Voluntary religious instruction, Sir
William Harcourt on, 43

Ellis, Mr. John, and drinking in the
House of Commons, 224

Emigration, statistics as to—

from Germany, 281

from Great Britain, 281

Employment—

in Germany, 285

in United States, British com-
mercial agent on, 285

Evans, Sir Samuel—

on Licensing Act, 1904, 166

on tied houses, 162

F

Factory Acts, 46

Fair Wages Clause—

the Conservative party and a, 259
effect of, on British manufacturer, 265

enforceable under a tariff system on
foreign contractors, 272
and foreign competition, 260, 269,
272, 273

and Government contracts for Nor-
wegian granite, 260

in Government contracts, 258

the Labour party and a, 258

the Liberal party and a, 258

in Liverpool Corporation contracts,
259

the Secretary of the London
Chamber of Commerce on, 259
speech on, 258-274

Fenwick, Mr. C., on Miners' Eight
Hours Bill, 1908, 201, 207

Fiscal Question, the—

Agriculture, decline of, 282

American horse-shoes, Government
contract for, 261

Mr. Crooks on, 264

Mr. Henderson on, 263

the Labour party and, 261, 263

Canada—

Convention with France, 301

effect of, on Great Britain, 301

— on Japan and Switzer-
land, 301

and Germany, 302

preference given to Great Britain
by, 298

wheat-growing capacity of, 13

Capital invested abroad, Mr. Lloyd-
George on, 291

Cobdenism, the Liberal party and,
262

Colonies, our—

as customers, 299

preference given us by, value of,
298

Lord Crewe on, 301

Mr. Deakin on, 299

Mr. Lloyd-George on, 298,
304

wheat-growing capacity of, 13,
304

Dear Food cry, the, 303, 305

Duty on wheat, probable effect of,
305

Fiscal Question, the (*continued*)—

Exports—

from Belgium, 293

from France, 293

from Germany, 292

Report of Foreign Office as to,
306

from United Kingdom, 292

from United States, 293

Fair Wages Clause under tariff
system, 272

Foreign competition, 260, 269,
271

Lord Brassey on, 289

Mr. Russell Rea on, 290

Free Trade—

and foreign tariffs, 295

and the general election, 6

Speech on, 1-17

principles examined, 261-267

and Protection, 276, 277

Resolution in favour of, 1

Mr. Snowden on, 2

Markets—

Germany, 288

United Kingdom, 288

United States, 288

Norwegian granite, Government
contract for, 260

Protection—

the Colonies and, 297

Mr. Crooks and, 264

Free Trade and, 295

Mr. Henderson and, 263

Mill, John Stuart, and, 297

Smith, Adam, on, 16

Resolution against, 1

Raw materials, supply of, 118

Retaliation—

Mr. Asquith on, 295

Mr. Churchill on, 295, 296

and a general tariff, 296

Mill, John Stuart, on, 287

Tariff, a general, 294

Mr. Winston Churchill on, 296

Tariffs, Foreign—

Mr. Asquith on, 287

Free Trade and, 295

Mr. Russell Rea on, 290

Food Supply, our, Royal Commission
on, 116

Forster, Rt. Hon. W. E., on Edu-
cation compromise of 1870,
39

Fox's India Bill, 55

House of Lords and, 55

"Fox's Martyrs," 55

G

- General Election, Free Trade and the, 6
 Germany—
 and Canada, 302
 and capture of private property at sea, 120
 Food in—
 Mr. Chiozza Money on, 11
 Mr. Lloyd-George on, 11
 Public life in, Mr. Lloyd-George on, 11
 Gladstone, Rt. Hon. Herbert—
 and the Edalji case, 91
 and the Miners' Eight Hours Bill, 203, 211
 appoints Committee to inquire into, 199
 and secular education, 53, 128
 Gladstone, Rt. Hon. W. E.—
 on compensation to licence-holders, 71
 on the Education Compromise of 1870, 40
 on undenominational instruction, 35
 Grey, Rt. Hon. Sir Edward—
 and the Boer War, 4
 and the Liberal League, 4

H

- Haldane, Rt. Hon. R. B.—
 on the Boer War, 14
 criticises the Liberal party, 11
 on the Education Act, 1902, 128
 on a general School Board scheme, 34
 on the history of Liberal Governments, 249
 and the Liberal League, 4
 on the Territorial Army, 250
 why disinclined for a General Election, 249
 Harcourt, Rt. Hon. Lewis, on the M'Kenna Education Bill, 1908, 183
 Harcourt, Rt. Hon. Sir William—
 on religious equality, 38, 45
 on voluntary religious instruction, 43
 Harvey, Mr. W. E., on Miners' Eight Hours Bill, 200
 Henderson, Mr. Arthur—
 on American horse-shoes, 263
 and the House of Lords, 76

- Home Rule Bill, 1895, 54, 56
 Horridge, Mr. T. G.—
 at General Election, 1906, 9
 and Chinese slavery, 9

I

- Immigration—
 into Great Britain, 281
 into Germany, 281
 into the United States, 284
 Irish Municipal Corporation Bill, 55
 Irish party, the—
 and attempted education compromise in 1908, 234
 educational concessions to, 185

J

- Jowett, Mr., on unpopularity of Licensing Bill, 1908, 255

K

- Kitson, Sir James, moves resolution in favour of Free Trade, 1

L

- Labour Leader*, the, on the unpopularity of the Licensing Bill, 1908, 255
 Labour party, the—
 and American horse-shoes, 261, 263
 and fair wages in Government contracts, 258
 and parents' rights, 139
 and secular education, 137
 and the Trades Disputes Bill, 1906, 18
 and the voice of the people, 213
 Lawson Walton, Sir John—
 on the Boer War, 14, 77
 on the House of Lords, 78
 on the Trades Disputes Bill, 25
 Liberal Government, the—
 disinclination to appeal to country, 241, 243, 246-251
 unpopularity of,
 Mr. Churchill on, 256
 Mr. Lloyd-George on, 255
 Liberal League, the, 4, 76, 83

Liberal party, the—
 and Chinese slavery, 5, 9
 and Cobdenism, 262
 and a Fair Wages Clause in Govern-
 ment contracts, 258
 and the House of Lords, 241, 243,
 246
 Mr. Haldane on, 11, 249
 Peers created by, 244
 and the voice of the people, 180,
 220, 254

Licensing, Act of 1902—
 provisions as to clubs, 175,
 230

Act of 1904—
 discretion of justices under,
 163
 effect of, 149, 150
 — on ante-1869 beer-houses,
 166
 Sir Samuel Evans on, 166
 Lord Loreburn on, 146, 171
 Mr. J. A. Simon on, 215
 summary of, 143
 ante-1869 beer-houses, 143, 165
 Ashby's Cobham Brewery case,
 143

Bill of 1908—
 and the bye-elections, 220
 Commission established by, 144,
 163
 Mr. Lloyd-George on, 173, 178,
 223, 254
 probable effect of, 169, 170
 provisions of, as to—
 clubs, 176, 228
 off-licenses, 231
 Parliamentary elections, 220
 passenger vessels, sale of liquor
 on, 232
 Sunday closing, 227
 Wales, special, as to, 233
 Mr. Herbert Samuel on, 170
 Speech on first reading of, 143—
 161
 Speech on second reading of,
 162-180
 Speech on third reading of, 215—
 233
 summary of, 144
 unpopularity of, Mr. Asquith on,
 219
 Mr. Jowett on, 255
Justice on, 255
 the *Labour Leader* on, 253
 Mr. Lloyd-George on, 254
 Lord Loreburn on, 254

Clubs. *See* Clubs

Licensing (*continued*)

Compensation—
 Mr. Gladstone on, 71
 provided for by Act of 1904, 144
 provisions as to, in 1908 Bill,
 144, 145

Death duties on licensed premises,
 167
 principle on which assessed, 167
 Report of Inland Revenue
 Commissioners on, 168

Drunkenness—
 due to clubs, 70
 female, 231
 Figures as to—
 in Breconshire, 228
 in Glamorganshire, 228
 in Herefordshire, 228
 in Manchester, 70
 in Monmouthshire, 228

Law before 1904, 143

Local Option—
 Mr. R. Balfour on, 63
 in Canada, 67
 in New Zealand, 67

Local Option (Scotland) Bill, 1907,
 58

Meux' Brewery, figures as to, 172

Monopoly value, provisions of 1908
 Bill as to, 145

Prohibition—
 Mr. E. N. Bennett on, 65
 in Canada, 67
 in New Zealand, 67
 proposed for Scotland, 58
 in the United States, 64, 65
 Sir Thomas Whittaker on, 68

Reduction of licences—
 under 1904 Act, 72, 149, 150
 in Scotland, 72
 Mill, John Stuart, on, 160

Sharpe *v.* Wakefield, 169
 dictum of Lord Halsbury in, 169
 dictum of Lord Bramwell in, 169

Sunday closing—
 effect of, in Wales, 227, 228
 (England) Bill, 1897, 59
 provision for, in 1908 Bill, 227

Time limit—
 figures as to, 170, 171
 probable effect of, 158, 159
 Sir Thomas Whittaker on, 156

Toxteth Division of Liverpool,
 the, 62

Value of licences—
 Mr. Asquith on the, 146
 figures as to, in *Statist*, 147
 Sir Thomas Whittaker on the, 147

Lloyd-George, Rt. Hon. David—
 and the Bishop of St. Asaph's
 Education Bill, 252
 and Church schools, 44
 on conditions of labour in this
 country, 265
 on democracy and clericalism, 31,
 252
 on foreign investments, 291
 on the German diet, 11
 on German public life, 11
 on the House of Lords, 78, 81,
 83, 87
 on the Licensing Bill, 1908, 173,
 178, 223, 254
 on the Peckham bye-election, 178
 and secular education, 44
 "Slavery on the hills of Wales," 7
 on unemployment in England, 285
 on unemployment in Germany, 285
 on the unpopularity of the Liberal
 Government, 255
 on the unpopularity of the Licensing
 Bill, 254
 on the value of colonial preference,
 298, 304
 and the voice of the people, 254
 on Welsh Disestablishment, 81
 and the Welsh revolt, 44
 Lords, the House of—
 Amendments of, to Education Bill,
 1906, 184, 196, 236, 251, 252
 compared with the Bishop of St.
 Asaph's Bill, 184
 compared with the Runciman
 Bill, 251, 252, 253
 Amendment to Address (1909) as
 to, 241
 Mr. Asquith on, 182, 245
 Mr. John Burns on, 247
 Sir Henry Campbell-Bannerman's
 resolution as to, 75
 Mr. Winston Churchill on, 83, 85,
 248, 249
 and Fox's India Bill, 55
 Mr. Henderson on, 76
 and the Home Rule Bill, 56
 and the Irish Municipal Corpora-
 tions Bill, 55
 the King's Speech, 1907, 46
 and the Labour party, 76
 Sir John Lawson Walton on, 78
 and the Liberal party, 241, 243, 246
 Mr. Lloyd-George on, 78, 81, 83, 87
 Mr. M'Kenna on, 182, 246
 Peers created by Liberal party, 244
 Mr. John Redmond on, 48

Lords, the House of (*continued*)—
 and School Boards, 79
 Speeches on, 46-57, 76-90, 241-257
 and the Trades Disputes Bill, 1906,
 48
 Mr. Macnamara on, 49
 Wellington, the Duke of, on,
 50-51
 Loreburn, Lord—
 on capture of private property at
 sea, 118, 123
 on the probable effect of the
 Licensing Act, 1904, 146, 171
 on the unpopularity of the Licensing
 Bill, 1908, 254

M

Macdonald, Mr. J. A. M., on re-
 duction of armaments, 109
 Macnamara, Mr. T. J.—
 on contracting-out, 133, 191
 on the Lords and the Trades Dis-
 putes Bill, 49
 and Sunday entertainments in clubs,
 178
 M'Kenna, Rt. Hon. Reginald—
 and the Bishop of St. Asaph's
 Education Bill, 183
 on his Education Bill, 252
 on the House of Lords, 182, 246
 on Liberal education policy, 182
 and parents' rights, 140
 why disinclined for a general
 election, 247
 Masterman, Mr. C. F. G., on the
 M'Kenna Education Bill, 1908,
 190
 Miall, Mr., on religious instruction, 38
 Mill, John Stuart—
 on the capture of private property
 at sea, 120
 on protection, 297
 on reduction of licences, 160
 on retaliation, 287
 Miners' Eight Hours Bill, 1908, the—
 amendment of, by the Govern-
 ment, 199
 double shifts, 207
 South Wales Miners' Federa-
 tion on, 208
 history of, 260
 object of—
 Mr. Clynes on, 201
 Mr. Fenwick on, 201, 207
 postponement of provisions of, 212

Miners' Eight Hours Bill, 1908, the
(continued)—
 probable effect of—
 Mr. Herbert Gladstone on the, 203, 211
 Mr. Harvey on the, 200
 Mr. Russell Rea on the, 202
 Mr. S. Walsh on the, 204
 Report of Departmental Committee
 on, 199
 as to the health of miners, 210
 figures, 211
 as to probable effect of, 204,
 205, 206, 208
 suggested qualifications, 206,
 207, 208
 as to relation between price of
 coal and wages, 200
 Speech on, 199-214
 summary of, 199
 Wilson, Mr. John, on, 214

O

O'Grady, Mr. J.—
 on parents' rights, 139
 on unemployment, 268, 291

P

Palmerston, Lord, on capture of
 private property at sea, 122
 Paul, Mr. Herbert, description of
 Protection by, 7
 Paupers—
 cost of maintaining, 280
 number of, 280
 Poverty—
 Mr. Barnes on, 267
 Mr. Booth on, 279
 Sir Henry Campbell-Bannerman
 on, 278
 in England—
 Figures of Charity Organisation
 Society as to, 280
 Mr. O'Grady on, 268, 291
 Mr. Rowntree on, 279, 280

R

Redmond, Mr. John—
 on Clause IV. of Education Bill,
 1906, 237
 on the House of Lords, 48

Robertson, Mr. Edmund, on the
 capture of private property at
 sea, 122
 Rosebery, Lord—
 and the Boer War, 4
 Chesterfield speech, 4
 and a duty on corn, 12
 and Home Rule, 4
 and the Liberal League, 4
 Rowntree, Mr., on poverty, 279,
 280
 Runciman, Rt. Hon. Walter—
 on educational compromise, 253
 negotiations with archbishop, 234,
 253
 Russell Rea, Mr.—
 on foreign tariffs, 290
 on the Miners' Eight Hours Bill,
 202

S

Salisbury, Lord, and the Irish Church
 Bill, 51
 Samuel, Mr. Herbert, on Licensing
 Bill, 1908, 170
 Sexton, Mr., on unemployment,
 284
 Simon, Mr. J. A., on Licensing Act
 1904, 215
 Snowden, Mr. Philip, on sixty years
 of Free Trade, 2
 Smith, Adam, on Protection, 16

T

Taylor, Mr. Austin—
 crossed floor of House, 5
 seconds Free Trade resolution, 1
 Trades Disputes Bill, 1906, the—
 Mr. Asquith on, 25
 Sir Henry Campbell-Bannerman
 and, 18
 The Government's surrender to the
 Labour party, 18
 The House of Lords and, 48
 Mr. Macnamara on, 49
 The Labour party and, 18
 The Labour (Shackleton) Bill, 18
 Sir J. Lawson Walton on, 25
 Speech on, 18-27
 Trade Unions—
 and actions for tort, 18, 21-27
 position before 1871, 22

Trade Unions (*continued*)—
 Number of Members of, in Eng-
 land, 279
 Trade Unions Act, 46
 Truck Acts, 47

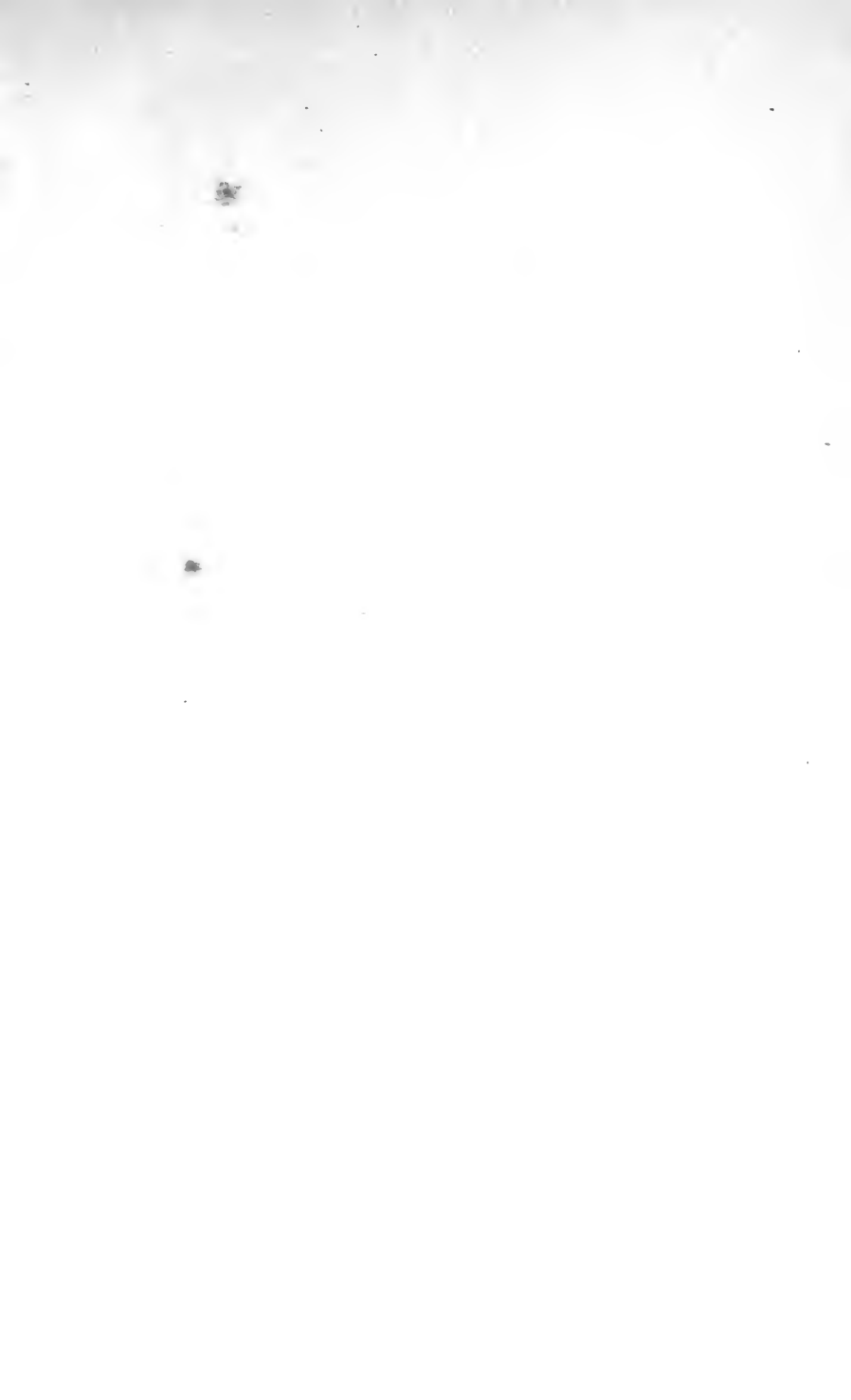
U

Unemployment—
 Mr. Barnes on, 267, 280, 283
 Mr. Burns on, 269
 Mr. Booth on, 279
 Sir Henry Campbell-Bannerman
 on, 278
 Mr. Churchill on, 283
 in Germany—
 Mr. Churchill on, 283
 Mr. Lloyd-George on, 285
 Mr. Sexton on, 285
 Mr. Lloyd-George on, 285
 Mr. O'Grady on, 268
 Mr. Rowntree on, 279, 280
 Mr. Sexton on, 285
 United States, population of, 300
 Unorganised labour, number of per-
 sons engaged in, 279

W

Walsh, Mr. S., on Miners' Eight
 Hours Bill, 1908, 205, 210
 Wellington, Duke of, on House of
 Lords, 50
 Whittaker, Sir Thomas—
 on drinking in Scotland, 60
 on the growth of clubs, 174
 on the probable effect of a time
 limit, 156
 on prohibition in Canada, 68
 on prohibition in the United States
 68
 on value of licences, 147
 and the voice of the people, 220
 Williams, Mr. Llewelyn—
 on Cowper-Temple teaching, 193
 on the M'Kenna Education Bill,
 192
 Wilson, Mr. John, on the Miners'
 Eight Hours Bill, 1908, 214
 Wolverhampton, Lord—
 on the Boer War, 4, 77
 and the Liberal League, 4
 Workmen's Compensation Act, 46

THE END





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